

Federal Bureau of Investigation (FBI) File No. 62-98634 --- Section 1
Henry M. Blackmer, fugitive

NUMEROUS REFERENCE

B-22c

SEARCH SLIP

Supervisor Storess Room 4716

Subj: Henry M. Blackmer

☐ Exact Spelling
☒ All References
☐ Subversive Ref.
☐ Mail File
☐ Restricted to Locality of _____

Searchers
 Initial af
 Date 12-27

FILE NUMBER

SERIALS

<u>40-0</u>	<u>-5741</u>
<u>40-0-A</u>	<u>The Evening Star</u>
	<u>DC. 9-27-49</u>
	<u>Black Star</u>
	<u>9-22-49</u>
	<u>Wash News</u>
	<u>9-26-49</u>
	<u>Wash Post</u>
	<u>9-22-49</u>
	<u>Wash Star</u>
	<u>9-23-49</u>
	<u>Wash Post</u>
	<u>11-3-49</u>
<u>65-30919</u>	<u>-12091</u>
<u>Henry M. Brown</u>	
<u>65-30419</u>	<u>-583</u>
<u>32-8053</u>	<u>-1137</u>
<u>Henry F.</u>	
<u>94-8664-A</u>	<u>Wash Daily News</u>
	<u>10-4-49</u>
<u>5-0-A</u>	<u>Wash News</u>
	<u>10-4-49</u>

Initialed

Mr. Ross L. Malone, Jr.
Deputy Attorney General

December 23, 1952

Director, FBI

62-78634-1

RECORDED-148

HENRY M. BLACKMER
MISCELLANEOUS - INFORMATION CONCERNING
(ACCOUNTING AND FRAUD SECTION)

There is attached a copy of an unsigned communication relating to Mr. Henry M. Blackmer which was forwarded to us on December 16, 1952, by Assistant Commissioner Justin F. Winkle of the Bureau of Internal Revenue. Mr. Winkle in his letter of transmittal explained that the attachment was received from an unidentified reporter on a Denver newspaper who alleges that there were payoffs involved in the settlement of the Blackmer case. Mr. Winkle explained that he was referring this matter to the Department of Justice since most of the allegations appear to concern action on the case against Blackmer after the Bureau of Internal Revenue referred it for prosecution to the Department of Justice.

It is requested that you advise us as to what action, if any, is desired in connection with this matter.

A copy of the attachment is also being furnished to Assistant Attorney General Charles B. Murray.

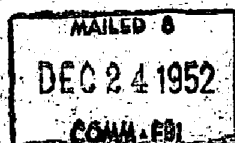
Attachment

cc: 2 - Assistant Attorney General
Charles B. Murray (with enclosure)

JCS:rmk/dls
Indices check - No. 58 or 46 maps or refs. 40-0-5741- Copy of 7/25/49 telegram from State Dept. to Embassy Paris authorizing passport be issued to subject 40-0-A-9/27/49 Star Subj. pleaded guilty on 9/26/49 to income Tax Evasion charge in Denver Describes him as Teapot Dome figure who left US 25 years ago to avoid testifying in Teapot Dome case.
9/26/49 - News; 9/22/49 Post general background re subject, described as 80 yrs old who returned to US to face charges as desired to die here 11/3/49 Post-Subject fined \$20,000 on 11/2/49 by Judge Orie Phillips on Income Tax case 2 Perjury indictments against him were dismissed. 65-30919-1209 and 583; 32-8053 not ident.

Tolson
Ladd
Nichols
Belmont
Clegg
Glavin
Harbo
Rosen
Tracy
Laughlin
Mohr
Tele. Rm.
Mr. Holloman

JAN 8 1953





U. S. TREASURY DEPARTMENT

WASHINGTON 25

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

December 16, 1952

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

O:I:RAW:IET

Mr. John Edgar Hoover, Director
Federal Bureau of Investigation
Department of Justice
Washington 25, D.C.

Dear Mr. Hoover:

This office has recently received an unsigned communication relating to Mr. Henry M. Blackmer. The communication was received from an unidentified reporter on a Denver newspaper who alleges that there were pay-offs involved in the settlement of this case. Since most of the allegations appear to concern action on the case after this office had referred it to the Department of Justice, this information is submitted to you for such attention as you may find appropriate.

The original information was received by this office on a type of half sheet which it is believed is customarily used in newspaper offices. The information probably came from the files of some newspaper.

Very truly yours,

Justin F. Winkle
Assistant Commissioner

By:

Acting Head, Intelligence Division

RECORDED-148
SE 41

100-98634-1

DEC 18 1952
1-21-53

EXPEDITE PROCESSING
DEC 18 1952

See also 100-10884

See also 100-10884

2-23-53
Trans to [illegible]
100-10884

S [illegible]

Blackmer, Henry M.

Indicted 1926--six indictments. Some 14 counts. Four indictments were perjury charges--felonies. Other two were misdemeanors. All center on income tax evasion.

Blackmer pleaded guilty to one misdemeanor--all other charges were dismissed. Maximum penalty under the misdemeanor was one year in prison, \$10,000 fine, per count. He paid \$20,000--half the maximum fine, no jail.

Bulkeley, U. S. atty, admitted the case was handled by "prearranged deal" handled by B's attys and atty gen. office. Noonan denies any deal, as Blackmer atty.

Penalty on dismissed indictments was five years in prison, plus fine, per count. He could have been put away for the rest of his life, but he never served a day. Got less fine than he figured, appeared in clerk's office with \$40,000, took half of it home with him.

Blackmer paid almost \$4 million in back taxes, interest and penalties. But the statute of limitations had run on the evaded taxes of the late teen years. Indictments cited years of 1920 and 1921.

(COPY)

62-77634-1

1--High treasury officials in Washington say Blackmer has to return to U. S. to recover some \$10 million seized by foreign funds control during war. Told Nover that funds were unblocked when Blackmer landed in Boston. As long as fugitive, funds were blocked.

2--McInerney, McGrath's top assistant, called me last night, scared, wants to check files, will call today. Says he never heard of the \$10 million angle, checked all agencies before making Blackmer deal, never found the 10 million. Will check it out today, he says, but pleads for more time. He was first asst. tax division when case closed in '49. Boss was Caudle.

3--McInerney says that he was told treasury wanted Blackmer back in this country to die, as Blackmer claimed, because it would net U. S. \$3 million in inheritance taxes. But now, he says, Blackmer outsmarted us again, U. S. won't get a dime because he is back in Switzerland to die.

4--McInerney came to Denver, sat in courtroom when Blackmer case came up. This was carefully guarded secret til now and only four or five people here know it. He says it was to recommend year in prison, maximum fine, but Phillips never asked for recommendation so none was ever given, except Bulkeley's out of court, no jail recommendations, which he says dept. didn't like.

5--Blackmer paid half of maximum fine, no jail on plea of age, health. Case was cited as precedent in later Iete Demis tax case involving \$108,000. Dan Diamond led delegation of Greeks to Phillips after Phillips gave Demis eight months. Greeks claimed Demis sentence was discriminatory, cited Blackmer case, also produced doctors certificates. Diamond wrote Big Ed along same lines, Big Ed wrote Bulkeley to see what could be done to commute sentence. Shortly thereafter Phillips commuted sentence, Demis never went to jail.

6--Law firm of White Case, NYC, got Keenan into case. We have long file from Wayne Phillips on Keenan, called fixer of highest level by Newsweek, SATURDAY, but has illustrious career. Keenan went to Big Ed, Big Ed called Pulkeley, introduced Keenan as "big shot democrat, treat him nice," Pulkeley says.

7--Feyton Ford and Mc say charges dismissed along lines laid down by Atty Gen. Mitchell under Hoover. Mitchell denies this, says he never approved any action on criminal charges, says he thought perjury cases--the felonies which were dismissed while one minor misdemeanor case was prosecuted--were good enough to try. Files show many top officials doubted whether cases would stand up.

8--Blackmer, Dennis cases now being cited as precedents, by defense. U. S. privately fears that even if we do come up with some top racket tax cases, these two precedents may keep jail terms to minimum, if any.

9--Phillips rose to power in New Mexico and to federal bench while Albert Fall was the one and only political power in N. M. Fall went into Harding cabinet from senate. Fall left cabinet in March, 1923, same time Phillips got federal judgeship. Blackmer was to have been witness against Fall in Teapot Dome.

10--Phillips did not even censure Blackmer in court despite his notorious career. This is very sore spot with federal officials, particularly bureau of internal revenue.

11--Phillips took case altho court attaches say many visiting judges were in Denver while Symes sick. Blackmer returned only after Symes became very ill, never returned to bench.

12--Sykes is said to have personally blocked Blackmer settlement as finally carried out, and so did Ivor Wingren and Tom Morrissey, I'm told. Haven't talked to them. They are supposed to know case thoroughly, but Wingren is close to Phillips, Morrissey reportedly won't talk.

13--Standing talk in court that Blackmer had standing offer of \$100,000 to anyone who could keep him out of jail and clear up charges. Lillikin tried in early '30's. So did a Kirby of St. Louis, partner of Hagel, commerce secretary under Taft. Mitchell says Kirby approached him on case because Mitchell was personal friend of Kirby's. He says Kirby offered \$3 million to dismiss criminal charges, he refused, but now does not recall what the money represented--may have been only taxes plus penalties, which were paid up in 1933 in full--about \$4 million.

Keenan gave us no information, but actually lied on the surface. Said funds were clear in 1947. Stressed that his sole effort in case was to get passport for a fugitive wanted by this country for 25 years, a fugitive who was represented by one of the biggest Wall Street firms who called Keenan in.

Keenan claimed he never talked to anyone anywhere, in Denver or Washington, about dropping any charges, taking any pleas, dismissing any cases, or the question of jail. Said he used no influence or any connections.

Blackmer's sole motive, Keenan said, was to end his many years as a man without a country. He said the inheritance tax question never entered case. Emphatically denied any deal.

Only asked justice to give him a passport so he could come home for trial. Reason he was called in, he said, was because there are right and wrong ways to make such requests and approaches.

Blackmer, he said, just wanted to live in Denver. But health certificates B offered at time showed he could not live here more than 24 hours without risking his life. Keenan said B soon went back to Geneva, and was in this country only twice briefly since.

Keenan said he talked to Millikin to find out where B was in 1920's, date of offenses. Talked to Big Ed to "get background." Keenan told Big Ed B had to choose between U. S. and Swiss citizenship and wanted U. S. Big Ed, he said, agreed because he wanted to collect the inheritance, estate and income taxes.

Top man in treasury [redacted] ment is source of information that Blackster had to return to U. S. to collect his \$10 million.

I am withholding his name since that was part of the agreement if he would check our tip and either verify or deny it. He verified it. Tip came originally from federal official who should know in Denver, was prevalent thru many present and past officials who knew about case.

The Washington man stood pat on his verification even when I tried to shake him on it. Stood pat even in face of denials from NY bank, Mc, and Keenan. Said there were two freezes on F accounts, one lifted in 46 or 47, the other "the day B returned to this country and not before."

Said freeze completely tied up accounts until B returned. He left just one loophole--said some accounts, more complicated than others, managed to evade second freeze. If B did, he said, it was improper, but possible that he did have access to his accounts after first freeze was lifted in 47. But if he did, it was just because he pulled a fast one and didn't get caught.

Summing up, Keenan stated that he made only one arrangement with anyone, and that was with justice to get passport so B could go into court and take his chances like any other suspect, the passport to be picked up in Boston on his arrival. Keenan said he only wanted to notify U. S. B wanted to enter a plea, but did not talk of what kind of plea to what cases. And finally, Keenan, said, he just wanted to set a date for trial of the perjury cases--which cases were dismissed, four of them, while one misdemeanor guilty plea was taken.

McInerney disputed many parts of Keenan story, but also insisted that the funds were unblocked in 1947--two years before B returned. He said he got a confirmation of this from Blackmer's lawyers who checked with the New York Trust company.

But he said "not true" that Keenan only wanted a passport and did not talk about the cases. Said he talked to Keenan about the cases, pleas, dismissals, etc.

Mc repeated the \$3 million inheritance story, said he found memo on it in files.

Mc said Keenan never talked about any trial date for perjury cases. And Ford, exdeputy atty gen. never got into cases unless someone approached him. Ford, he said, ordered him to Denver. Ford, he said, never handled any cases unless there was some outside approach, the position he held never interested in any specific cases, an administrative job. Strong implication Keenan must have talked to Ford.

SAC, Denver

January 19, 1953

Director, FBI (62-98634) *2*

AIR MAIL

RECORDED-55

EX
UNSUBS, ALLEGED IRREGULARITIES
IN CONNECTION WITH THE INCOME
TAX CASE OF U.S. VS. HENRY M.
BLACKMER (UNITED STATES DISTRICT
COURT, DENVER, COLORADO)
MISCONDUCT IN OFFICE, BRIBERY

Attached to this memorandum and the copies designated for the other offices are Photostats of a memorandum dated January 12, 1953, from Assistant Attorney General Charles B. Murray requesting investigation in the above caption. Your attention is directed to the last paragraph of Mr. Murray's memorandum that special attention should be given in determining if the offenses as alleged are of continuing character.

For the information of all offices, there is attached a Photostat of an undated communication that was furnished to the Bureau by another Government agency that was prepared by an unidentified Denver, Colorado, newspaper reporter. It appears that this communication is the investigative notes of this reporter who undoubtedly has made inquiries in this matter.

Denver is designated as office of origin.

62-98634-11
For your information, Henry M. Blackmer was involved in the Teapot Oil Dome Scandal and fled to Europe in 1924 to avoid testifying in these hearings. He did not return to the United States until September, 1949. During his asylum in Europe he was the subject of six indictments in the United States District Court, Denver, Colorado, said indictments being returned in 1923. Four were for Perjury (felonies) and two were for misdemeanors. All involve income tax evasion. Blackmer was permitted to plead guilty to one misdemeanor on September 26, 1949. On November 2, 1949, he was assessed a fine of \$20,000 and all other charges against him were dismissed.

The following suggested leads are being set forth for the assistance of the interested offices. These leads should not be interpreted as limiting the scope of this investigation, as all logical leads developed should be fully explored.

cc: 2-New York (Attachment)
2-Washington Field Office (Attachment)
1-St. Louis (Attachment)

(Attachment)

Tolson _____
Ladd _____
Nichols _____
Belmont _____
Clegg _____
Glavin _____
Harbo _____
Rosen _____
Tracy _____
Laughlin _____
Mohr _____
Tele. Rm. _____
Holloman _____
Gandy _____

WAH:dej Attachment

SAC, Denver

The Denver Field Division

will check the newspaper morgues of all newspapers located in Denver for complete background regarding the income tax case of Blackmer. It is noted in the reporter's notes indicated as Item Number 1 that an individual named Nover was advised by high treasury officials regarding the blocked funds of Blackmer. The Bureau has ascertained that Barnett B. Nover is the Washington correspondent for the Denver Post and it is possible that this reporter conducted an investigation regarding the handling of the Blackmer tax case by Government officials.

will examine the files of the United States Attorney's Office regarding the prosecution of this matter, paying particular attention to all correspondence from the Department of Justice granting permission to the U. S. Attorney to accept a plea of guilty to one misdemeanor indictment and permitting all other charges against Blackmer to be dismissed.

will interview former United States Attorney Bulkeley concerning a statement allegedly made by him, as set forth in the unidentified reporter's notes that the case was handled by a "prearranged deal" by Blackmer's attorneys and the Attorney General's Office. The identity of the Assistant U. S. Attorneys who participated in this case should also be determined and they should be interviewed concerning their knowledge of any aspects of this case.

will interview Tom Morrissey and Ivor Wingren, former U. S. Attorney and Assistant U. S. Attorney. As indicated by reporter's notes they are supposed to know this case thoroughly. It is believed that they will be able to furnish information as to why the settlement of the Blackmer case was actually accomplished.

It is possible that the "Big Ed" referred to in the reporter's notes is Senator Edwin C. Johnson, Democrat of Colorado. Also, it is possible that the person named Millikin, who was also referred to in the reporter's notes,

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Gandy _____

SAC, Denver

is Senator Eugene D. Millikin, Republican of Colorado. If this investigation develops that the two Senators mentioned above are the ones referred to by the reporter they should not be interviewed until specific instructions are issued by the Bureau.

The Washington Field Office

will examine the files of the Department of Justice regarding the Blackmer income tax case. It will be noted in the reporter's notes that Blackmer's attorney Joe Keenan contacted the Justice Department to arrange for Blackmer to receive a passport to return to the United States to face the indictment outstanding against him in the income tax case. He denied, however, that he discussed with any Department attorney the dropping of any charges, taking any pleas, or dismissing the case against Blackmer. The names of all Department officials who participated in the handling of the Blackmer tax case should be identified and interviewed as to why Blackmer was permitted to plead guilty to one misdemeanor indictment and all other charges against him being dismissed.

will also determine through a search of the Department's files if Blackmer's attorney, Joe Keenan, was the former Assistant Attorney General in charge of the Criminal Division, and his present address so that he may be interviewed after complete facts have been developed in this case.

will also examine the files of the United States Treasury Foreign Funds Control Section to determine when the blocked funds of Blackmer became unblocked and the reason for such action.

The New York Office

will interview William DeWitt Mitchell, 20 Exchange Place, New York City, who was the former Attorney General under President Hoover, for any information that he may be able to furnish regarding this matter. It will be noted that in the reporter's notes identified as Item Number 7, that the Department dismissed charges against Blackmer along the lines laid down by the Attorney General under Hoover.

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Glavin _____
Harbo _____
Rosen _____
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Laughlin _____
Mohr _____
Tele. Rm. _____
Holloman _____
Gandy _____

SAC, Denver

A copy of this memorandum is being designated for the St. Louis Division in the event that investigation develops leads for that office.

All offices are instructed to assign this investigation to experienced and mature personnel to insure its completion without undue delay. Comprehensive reports must be submitted by all offices to reach the Bureau not later than February 2, 1953. This should not be interpreted that you are complying with Bureau instructions if your investigative reports leave your office on this date. In the event that this deadline cannot be met, a complete explanation must be forthcoming to reach the Bureau prior to deadline date.

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, Federal Bureau of Investigation

DATE

FROM : Charles B. Murray, Assistant Attorney General,
Criminal DivisionSUBJECT: Henry M. Blackmer
Miscellaneous - Information Concerning

Mr. Tolson	
Mr. Ladd	
Mr. Nichols	
Mr. Belmont	
JAN 23 1953	
Mr. Glavin	
Mr. Rosen	
Mr. Tracy	
Mr. Egan	
Mr. Gurnea	
Mr. Harbo	
Mr. Hendon	
Mr. Jones	
Mr. Quinn	
Mr. Nease	
Miss Gandy	

This acknowledges your memorandum of December 23, 1952, relative to the matter mentioned above.

In this connection, it is desired that you cause a complete investigation to be made into the statements and charges made in the unsigned communication transmitted with your memorandum with a view to developing facts which will indicate whether Sections 201, 202, 206, 207, 281, and 371 of Title 18 U.S.C. have been violated.

Since it appears that if any offenses were committed prosecutive action would now be barred by the Statute of Limitations, it is important that in your investigation special attention be given to the development of facts which will indicate whether such offenses were of a continuing character.

Approved:

Ross L. Malone, Jr.
Ross L. Malone, Jr.
Deputy Attorney General

to field 1/19/53
WFO + kg
WFO + kg

EXPEDITE PROCESSING

RECORDED-50

63-97634-2

JAN 23 1953

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

DATE: January 2, 1953

FROM : L. B. Nichols

SUBJECT: HENRY M. BLACKMER

18/

Tolson	✓
Ladd	✓
Nichols	✓
Belmont	✓
Clegg	✓
Glavin	✓
Harbo	✓
Rosen	✓
Tracy	✓
Laughlin	✓
Mohr	✓
Winterrowd	✓
Tele. Rm.	✓
Holloman	✓
Gandy	✓

Stamps: 18/

I am attaching hereto a copy of a memorandum sent to Malone and Murray on December 23, 1952, transmitting information we had received from Assistant Commissioner Winkle of the Bureau of Internal Revenue. Winkle in turn told us he received this from an unidentified reporter on a Denver newspaper, who alleges there were payoffs in the settlement of the Blackmer case; that he was referring the matter since the allegations concerned took place after the Bureau of Internal Revenue had referred the case to the Justice Department.

This case came up in conference last Wednesday, at which time I observed that it would seem to pertain to misconduct in office; that we just wanted to know if the Department wanted anything done; and asked Malone to check into it and let us know. The matter did not come up today, although Malone said on Wednesday that he would send something through on it.

I am calling this to your attention in the event this should come up in conference on Monday.

6347

The Bureau files contain little information except press reports. Blackmer was involved in the Teapot Oil Dome hearings, and left the United States in 1924 rather than testify. He remained in Europe until September, 1949, when he returned, appeared in court, and was fined by Judge Phillips in Denver; perjury indictments were dismissed. Joe Kennan represented him in Denver. Blackmer's funds were frozen and it does appear from the allegations that there was somewhat of a "stench" to the case.

I suspect that the unidentified reporter is Barnett B. Nover, Washington correspondent of the Denver Post.

Attachment

LBN:arm

75-63

62-98634-3

75-63

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72 JAN 27 1953

62-107
JANUARY 27, 1953

AIRTEL AIR MAIL
SAC, DENVER

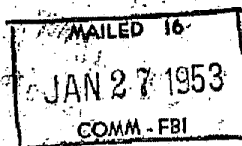
62-98634-5
RECORDED
SUBS. ALLEGED IRREGULARITIES IN CONNECTION WITH INCOME
TAX CASE OF UNITED STATES VS. HENRY M. BLACKMER (UNITED
STATES DISTRICT COURT, DENVER, COLORADO), MISCONDUCT IN
OFFICE, BRIBERY. BUREAU HAS NO OBJECTION TO INTERVIEW
WITH JOHN A. CARROLL IF ANY INDICATION HE CAN FURNISH
INFORMATION PERTINENT TO INSTANT INVESTIGATION.

HOOVER

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Holloman	_____
Gandy	_____



60 JAN 30 1953
386

[Handwritten signature]

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION

JAN 26 1953

TELETYPE

Mr. Tolson	_____
Mr. Ladd	_____
Mr. Nichols	_____
Mr. Belmont	_____
Mr. Clegg	_____
Mr. Glavin	_____
Mr. Harbo	_____
Mr. Rosen	_____
Mr. Tracy	_____
Mr. Egan	_____
Mr. Gurnea	_____
Mr. Hendon	_____
Mr. Pennington	_____
Mr. Quinn	_____
Mr. Nease	_____
Miss Gandy	_____

Boam

FBI DENVER

1-26-53

2-53 PM

DIRECTOR

URGENT

MMB

UNSUBS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME
TAX CASE OF U. S. VS. HENRY M. BLACKMER PARENS U. S. DISTRICT
COURT, DENVER, COLO. END PARENS, MISCONDUCT IN OFFICE, BRIBERY.
A REVIEW OF LOCAL NEWSPAPER ITEMS CONCERNING THIS CASE
INDICATES THAT FORMER U. S. CONGRESSMAN JOHN A. CARROLL OF
DENVER AND MORE RECENTLY A SPECIAL ASSISTANT TO FORMER
PRESIDENT TRUMAN, MADE INQUIRY OF USA MAX M. BULKELEY, DENVER,
ABOUT SEPT. TWENTYEIGHT, FORTYNINE, CONCERNING INSTANT CASE,
AT WHICH TIME HE REPORTEDLY ADVISED BULKELEY THAT THERE WAS
SOME TALK OF A CONGRESSIONAL MEETING. NEWSPAPER ACCOUNTS
INDICATE THAT CARROLL STATED THAT HE WAS CONCERNED WITH
THE SPEED WITH WHICH BLACKMER WAS ARRAIGNED AFTER HIS RETURN
FROM SELF-IMPOSED EXILE OF MORE THAN TWENTYFIVE YEARS.
REQUEST BUREAU AUTHORITY TO INTERVIEW JOHN A. CARROLL
CONCERNING HIS KNOWLEDGE OF INSTANT CASE.

POSTER

END

4-56 PM OK FBI WA SS

EX - 107

62-98634-5

RECORDED

1-27-53
A-1

6-26

Federal Bureau of Investigation

December 31, 1952

ROSS L. MALONE

Mr. Charles B. Murray
Assistant Attorney General, Criminal Division

Ross L. Malone, Jr.
Deputy Attorney General

Henry M. Blackmer

Reference is made to the memorandum of the Director of the Federal Bureau of Investigation on this subject, dated December 23, 1952.

You will recall that the anonymous report attached to the Director's memorandum was discussed at the policy conference yesterday and the determination was made that the Bureau would be requested to institute an investigation of the entire matter. This memorandum is to request that the Criminal Division initiate the necessary requests to the Federal Bureau of Investigation and handle the matter from this point forward.

By copy of this memorandum I am asking the Bureau to furnish this office with copies of all reports.

cc: Federal Bureau of Investigation

RECORDED - 82

EX-113

79 JAN 30 1953

AIR-TEL

AIR MAIL

JANUARY 26, 1953

SAC, DENVER (58-350 I. R. -8)

UNKNOWN SUBJECTS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE
INCOME TAX CASE OF U. S. vs HENRY M. BLACKMER (U. S. DISTRICT
COURT, DENVER, COLORADO), MISCONDUCT IN OFFICE, BRIBERY. REURAIRTEL
JANUARY TWENTY-THREE, LAST. IMMEDIATELY INTERVIEW ROBERT HANSEN
AND IF HE IS AUTHOR OBTAIN SWORN, SIGNED STATEMENT OF ALL INFOR-
MATION AND SPECIFIC DETAILS OF INDICATED PAY OFF. INTERVIEW
SHOULD BE THOROUGH AND COMPLETE. SUREP RESULTS INTERVIEW WITH
HANSEN AT EARLIEST DATE.

BUFILE 62-98634

HOOVER

Tolson _____
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Holloman _____
Gandy _____

ECW:RAV

COMM-FBI
JAN 26 1953
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RECEIVED
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U.S. DEPT. OF JUSTICE
DIRECTOR

Handwritten signatures and initials: "Ram", "LRA/ux", "and", "TG", and a large signature.

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

FD-36 (Rev. 1-25-53)

Mr. Tolson	
Mr. E. A. Tamm	
Mr. Clegg	
Mr. Glavin	
Mr. Ladd	
Mr. Nichols	
Mr. Rosen	
Mr. Tracy	
Mr. Harbo	
Mr. Mohr	
Mr. Winterrowd	
Tele. Room	
Mr. Holloman	
Mr. Sizoo	
Miss Gandy	

W
R
Pennington
Harbo
Winters

FBI, DN

Transmit the following Teletype message to:

1/23/53

DIRECTOR, FBI

A I R T E L

UNSUBS.; ALLEGED IRREGULARITIES IN CONNECTION WITH THE
INCOME TAX CASE OF US VS HENRY M. BLACKMER (UNITED STATES
DISTRICT COURT, DENVER, COLORADO) MISCONDUCT IN OFFICE,
BRIBERY. REBULET TO DENVER JANUARY NINETEEN, FIFTYTHREE,
BUFILE SIX TWO DASH NINE EIGHT SIX THREE FOUR. INFORMATION
RECEIVED FROM U. S. ATTORNEY CHARLES E. VIGIL AND PALMER
HOYT, EDITOR OF DENVER POST, INDICATES THAT ROBERT H. HANSEN,
DENVER POST STAFF WRITER, IS AUTHOR OF UNDATED COMMUNICATION
WHICH WAS FURNISHED BUREAU BY ANOTHER GOVERNMENT AGENCY.
HOYT RECOMMENDS WE INTERVIEW HANSEN. REQUEST BUREAU AUTHORITY
TO THOROUGHLY INTERVIEW ROBERT H. HANSEN. DENVER OO.

POSTER

END
FGM:HLH
58-35

RECORDED-8

62-98034-6

JAN 27 1953

1-26-53
Airtel Denver
Ind. H. Hansen
HLH

6-8-53

Approved: _____

Special Agent in Charge

Sent _____

M

Per _____

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

0-9a

To: COMMUNICATIONS SECTION.

1-30-53

AIR-TEL

SAC, DENVER

AIR MAIL

Transmit the following message to:

RECORDED
62-98634-9
UNKNOWN SUBJECTS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE
INCOME TAX CASE OF U.S. VS. HENRY M. BLACKMER - U. S. DISTRICT
COURT, DENVER, COLO.; MISCONDUCT IN OFFICE; BRIBERY. REURTEL
per JANUARY TWENTYNINE LAST. INTERVIEWS WITH SENATORS JOHNSON AND
MILLIKIN WILL BE CONSIDERED AFTER REVIEW RESULTS OF INVESTIGATION.

HOOVER

62-98634

ECW:bjp *lip*

CC - 2 - Washington Field (By Special Messenger)

NOTE:

Buded is 2-2-53. After review of results of investigation by
Denver, New York and Washington Field Offices, it will be
determined if interviews with Senators Johnson and Millikin
are necessary.

Tolson _____
Ladd _____
Nichols _____
Belmont _____
Clegg _____
Glavin _____
Harbo _____
Rosen _____
Tracy _____
Laughlin _____
Mohr _____
Tele. Rm. _____
Holloman _____
Gandy _____

294
FEB 10 1953
COMM - FBI
MAILED 24

SENT VIA _____

M

Per _____

Sho
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FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION

JAN 29 1953

TELETYPE

Mr. Tolson	_____
Mr. Ladd	_____
Mr. Nichols	_____
Mr. Belmont	_____
Mr. Clegg	_____
Mr. Glavin	_____
Mr. Harbo	_____
Mr. Rosen	_____
Mr. Tracy	_____
Mr. Gurnea	_____
Mr. Mohr	_____
Mr. Winterrowd	_____
Tele. Room	_____
Mr. Holloman	_____
Mr. Sizoo	_____
Miss Gandy	BAS

FBI, DENVER

1-29-53

4-49 PM MST

DIRECTOR, FBI AND WASHINGTON FIELD

U R G E N T

UNKNOWN SUBJECTS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF U.S. VA ^EHENRY M. BLACKMER -U.S. DISTRICT COURT, DENVER, COLORADO-, MISCONDUCT IN OFFICE, BRIBERY. BUFILE SIX TWO DASH NINE EIGHT SIX THREE FOUR. REBULET TO DENVER, JANUARY NINETEEN LAST. ROBERT H. HANSEN, DENVER POST STAFF WRITER INTERVIEWED AND IS AUTHOR OF UNDATED COMMUNTION FURNISHED BUREAU BY ANOTHER GOVERNMENT AGENCY. HE STATES QUOTE BIG ED UNQUOTE AND QUOTE MILLIKIN UNQUOTE REFERRED TO IN HIS NOTES ARE SENATORS EDWIN C. JOHNSON AND EUGENE D. MILLIKIN OF COLORADO, WHO ARE PRESENTLY IN WASHINGTON, D.C. HANSEN STATES MILLIKIN MAY STILL BE ASSOCIATED IN SOME WAY WITH BLACKMER AS OFFICER IN UNIDENTIFIED CORPORATIONS BLACKMER FORMERLY INTERESTED IN. MILLIKIN INTERESTED IN BLACKMER CASE ABOUT NINETEEN THIRTYTWO, ACCORDING TO HANSEN, AND WAS ASSOCIATED IN LAW PRACTICE WITH FORMER US SENATOR KARL SCHUYLER OF DENVER. SCHUYLER FORMERLY REPRESENTED BLACKMER IN CERTAIN CORPORATIONS. AFTER SCHUYLER-S DEATH, MILLIKIN ACCORDING TO HANSEN MARRIED MRS. SCHUYLER AND TOOK OVER SCHUYLER-S LAW BUSINESS. BUREAU ADVISE WFO IF INTERVIEWS WITH JOHNSON AND MILLIKIN DESIRED.

END

HOLD PS

6-44PM OK FBI WA AS

RECORDED-14

FEL 81 1953

TWO COPIES WFO

POSTER

62-98634-7

Comp. Room
Mr. Harley

FEDERAL BUREAU OF INVESTIGATION

FORM No. 1

THIS CASE ORIGINATED AT

DENVER

FILE NO.

REPORT MADE AT DENVER	DATE WHEN MADE 1/30/53	PERIOD FOR WHICH MADE 1/22-29/53	REPORT MADE BY mmp:wb FRED G. McGEARY
TITLE UNKNOWN SUBJECTS; Alleged Irregularities in Connection With The Income Tax Case of United States vs HENRY M. BLACKMER (United States District Court, Denver, Colorado)			CHARACTER OF CASE MISCONDUCT IN OFFICE, BRIBERY
SYNOPSIS OF FACTS: ROBERT H. HANSEN, Denver Post staff writer, admits authorship of undated communication and that information therein is result of his inquiries, conjectures and coincidences. Newspaper accounts of Denver daily newspapers reflecting background on BLACKMER obtained. Review of USA's files indicate and interview with former USA, MAX M. BULKELEY disclosed recommendations in 1929 and 1933 by former USA, GEORGE STEPHAN (deceased) to dismiss all indictments against BLACKMER if satisfactory settlement could be obtained in tax evasion cases; also that suggestion was made by Deputy A. G. PEYTON FORD to BULKELEY to transfer cases to Boston for final disposition, but transfer not approved by BULKELEY in absence of written instructions. U. S. Senator EDWIN C. JOHNSON telephonically requested BULKELEY to extend all courtesy to attorney JOSEPH KEENAN, who on 4/19/49 visited BULKELEY to determine government's attitude toward dismissal of perjury indictments on basis of guilty plea entered on tax evasion case. BLACKMER, through voluntary exile, in Europe from 1924 until his return to U. S. in August, 1949, entered pleas of guilty 9/26/49 in USDC, Denver, to charges in indictment for tax evasion before Judge ORIE L. PHILLIPS. BLACKMER sentenced by Judge PHILLIPS, senior Court of Appeals Judge, on 11/2/49, to pay a fine of \$5,000 on each of four counts of indictment for tax evasion. All other indictments dismissed. Photostatic copy of court transcript enclosed. Interviews with former USA			<i>1 cc AAJ Olney memo 2/4/53 w/ photostatic perkins 1 chm</i> <i>1 cc w/ Anderson Williams 4/18</i> BULKLEY PROCESSING 7-11
APPROVED AND FORWARDED <i>James B. Foster</i> SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES 62-98634-8 1-11-53 FEB 2 1953 RECORDED-107 51 FEB 11 1953		
COPIES OF THIS REPORT 5 ENCL - 157 ENCLO. BEHIND FILE SEE PAGE 1-A COPIES DESTROYED Bureau 11 DEC 1 1964			

PROPERTY OF FBI—This confidential report and its contents are loaned to you by the FBI and are not to be distributed outside of agency to which loaned.

51 FEB 11 1953

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SYNOPSIS CONTINUED:

and Assistant USAs failed to disclose any irregularities in handling of BLACKMER cases. Details of PHILLIPS' appointment as USDC Judge discredits inference of his obligation to ALBERT FALL or others in Tea Pot Dome scandal.

- P -

COPIES OF THIS REPORT

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- 2 - New York (Air Mail)
- 2 - St. Louis (Air Mail)
- 2 - Washington Field (Air Mail)
- 2 - Denver (58-35)

- 1-A -

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DETAILS:

This is a joint report of the investigation conducted by SAs JACK M. PELISSIER, BERNARD R. DeCOOK, ARTHUR W. ENGSTROM and the Reporting Agent.

By Bureau letter dated January 19, 1953, the Denver Office was advised that Mr. CHARLES B. MURRAY, Assistant Attorney General, Criminal Division, U. S. Department of Justice, Washington, D. C., had requested an investigation regarding the statements and charges made in an unsigned communication transmitted by the Bureau to the Department with a view to developing facts surrounding the settlement of the HENRY M. BLACKMER income tax evasion and perjury cases previously pending in the U. S. District Court at Denver. Mr. MURRAY also requested that in view of the fact that if any offenses were committed, prosecutive action would now be barred by the statute of limitations; and it is therefore important that the investigation include any possible development of facts which would indicate whether such offenses were of a continuing character.

Attached to the Bureau letter to the Denver Office was a photostatic copy of an undated communication that was furnished to the Bureau by another government agency which was prepared by an unidentified Denver, Colorado newspaper reporter. This communication appeared to be the investigative notes of this reporter.

Through interviews with United States Attorney CHARLES S. VIGIL and Mr. PALMER HOYT, editor of the Denver Post, Denver, Colorado, information was obtained to indicate that Mr. ROBERT H. HANSEN, Denver Post staff writer, was the author of the undated, unidentified communication above referred to.

ROBERT H. HANSEN
DENVER POST STAFF WRITER

Mr. ROBERT H. HANSEN, who is presently employed as a Denver Post staff writer and who resides at 1637 Sherman Street, Denver, Colorado, when interviewed identified the material referred to above and stated that he was the author of it.

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He advised that the settlement of the HENRY M. BLACKMER case occurred before he, HANSEN, took up residence in Denver, which was about September, 1950, and prior to his association with the Denver Post Newspaper. He advised that about the first part of January, 1951, he became interested in the prosecution and settlement of the BLACKMER case and started making inquiries with reference thereto upon his own initiative. Through investigation as reflected in the above undated communication, he obtained the views of certain individuals in regard to this case. He stated that he sent a copy of the notes which he had prepared in this matter to a high official in the Treasury Department at Washington, D. C. in March or April, 1952. Mr. HANSEN stated that he preferred not to disclose the name of this official, but as he recalls he sent these notes with a cover letter at that time.

Mr. HANSEN was free to admit that the information set forth in the undated communication is based entirely on hearsay as well as some conjecture on his part. He stated further that he had pointed out therein certain coincidences which he felt would make an excellent newspaper story in the event he was ever given authority to print it by officials of the Denver Post. He advised that he had submitted these notes to Mr. PALMER HOYT, editor of the Denver Post, as well as to the City Editor, but had never received authority to place and run a complete story in that paper. After this privilege was denied him by the Denver Post, he transmitted a copy of his notes to the unnamed Treasury Department official at Washington, D. C. He further advised that all references made by him with regard to his conversations with individuals mentioned in the communication were by means of telephone wherever those individuals lived outside of Denver. Mr. HANSEN advised that his reference to "Big Ed" was to U. S. Senator EDWIN C. JOHNSON, and that his reference in his notes to "Millikin" was with reference to U. S. Senator EUGENE D. MILLIKIN. Both of these men are from Colorado. He further advised that "Nover" referred to in his notes is identical with BARNETT NOVER, Washington correspondent for the Denver Post. HANSEN stated that he had talked by telephone with a former official of the Foreign Funds Control, Treasury Department, Washington, D. C., and although that organization no longer exists, this official is still with the Treasury Department. He indicated

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that BARNETT NOVER probably also talked to this man in Washington, D. C. HANSEN's conversations with this man were with reference to the freezing of funds belonging to HENRY M. BLACKMER in banks in the United States. He stated that this official informed him telephonically that there were two separate orders issued to freeze BLACKMER's funds, and that one of these orders was removed in 1946 or 1947. The second freeze order was removed, according to information received by HANSEN from this official, when Mr. BLACKMER returned to the United States in 1949. These freeze orders were understood by HANSEN to involve some ten million dollars of BLACKMER's funds. He further stated that he understood that BLACKMER was not to have the use of these funds even after the first freeze order was removed, and that the Treasury official told him that if BLACKMER did have the use of those funds prior to the lifting of the second freeze order it would have been improper.

Mr. HANSEN advised that he had talked telephonically to JAMES McINERNEY of the Department of Justice, and that when discussing this matter with McINERNEY, the latter seemed somewhat upset and later called HANSEN back by telephone. McINERNEY advised HANSEN at that time that he had determined from the banks in New York as well as BLACKMER's attorneys, that the freeze order against funds belonging to BLACKMER had been lifted in 1947. HANSEN stated that he believed these funds had been on deposit at the New York Trust Company, New York City. HANSEN claims that McINERNEY also informed him telephonically that he, McINERNEY, had come to Denver, Colorado when BLACKMER was arraigned in court in Denver for the purpose of recommending in the event a recommendation was called for by the court, that it was the Department's desire that BLACKMER be sentenced to one year on each of the tax evasion counts, each sentence to be concurrent with the other. HANSEN stated that he was of the opinion that the Department felt it could not fully rely on Mr. MAX M. BULKELEY, then United States Attorney, Denver, Colorado, recommending a jail sentence for BLACKMER in view of BULKELEY's previous correspondence with the Department in which he indicated that he felt BLACKMER should receive only a fine with no jail sentence. Mr. HANSEN went on to state that Mr. McINERNEY

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had told him telephonically that he, McINERNEY, had advised Mr. BULKELEY to recommend a one year sentence on each count to run concurrent on the tax evasion case.

With regard to the case of one PETE DEMIS in the U. S. District Court, Denver, Colorado, which reportedly involved a tax evasion case of some \$108,000, Mr. HANSEN stated that he obtained information concerning this case from various newspaper clippings, through information obtained from the Office of the Clerk, U. S. District Court, Denver, as well as information obtained from unrecalled persons around the U. S. Courthouse, Denver, but found no indication of any irregularities in the DEMIS case. He stated that the DEMIS case was also adjudicated in Denver before he arrived in September, 1950, and that this case was held by U. S. Circuit Court Judge ORIE L. PHILLIPS.

Mr. HANSEN advised that WAYNE PHILLIPS referred to in his notes is a former reporter of the Denver Post although he is now employed by the New York Times. HANSEN stated that WILLARD HAZELWOOD, who was on the City Desk of the Denver Post, requested Mr. WAYNE PHILLIPS to forward him certain background information on Mr. JOSEPH B. KEENAN from the files of the New York Times. This information was provided by WAYNE PHILLIPS and was exhibited by Mr. HANSEN to Agents. It was noted, however, that although this reflected the biographical sketch of Mr. KEENAN, the only item included which mentioned his participation in the BLACKMER matter was an Associated Press article under date of September 23, 1949, indicating that KEENAN became associated with the law firm representing Mr. BLACKMER in the spring of that year. At that time KEENAN is reported to have proposed that BLACKMER receive a passport for his return to the United States to plead guilty to one tax evasion indictment with the Department dismissing all other charges.

This information disclosed, however, that JOSEPH B. KEENAN was on July 4, 1933, appointed as a Special Assistant to the United States Attorney General during the administration of HOMER S. CUMMINGS, to direct the governmental attack in operation at the time against organized crime. He is

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described as presently being a partner in the Washington, D. C. law firm of Keenan, Kanfer, Wiener and Murphy, and resides at 10 Hesketh Street, Chevy Chase, Maryland.

Mr. HANSEN stated that he was telephonically advised by Mr. PEYTON FORD, who was Deputy Attorney General in September, 1949, as well as Mr. McINERNEY that the charges of perjury were dismissed along the lines laid down by former Attorney General WILLIAM D. MITCHELL under the HERBERT HOOVER administration. Mr. MITCHELL denied this statement and stated he never approved any action on criminal charges. Mr. HANSEN exhibited to Agents a telegram he had received from WILLIAM D. MITCHELL under date of February 15, 1952, advising that his secretary had wired him about the BLACKMER case, and that the story that the 1949 settlement carried out any proposal he ever approved was not true. MITCHELL stated "My position as Attorney General was to refuse to approve any settlement involving dropping criminal charges. G. AARON YOUNGQUIST of Minneapolis, then Assistant in Charge of Tax Division, took same position. He knows all about it. This story came up two or three years ago when a New York newsman proposed writing an article, and after learning the facts he never wrote it. I had correspondence then with Department of Justice, copies of which you can get from my secretary. You can reach me on phone at Yeamans Hall Club, Charleston, South Carolina." This telegram was addressed to ROBERT HANSEN, c/o of Denver Post.

With regard to paragraph 8, on page 2, of the undated communication prepared by HANSEN to the effect that the BLACKMER and DEMIS cases were now being cited as precedents, by defense, and that the United States privately fears that even if we do come up with some top racket cases, these two precedents may keep jail terms to a minimum, Mr. HANSEN stated that he obtained this information from local tax agents at Denver and other individuals connected with the courts at Denver, Colorado whose identities he did not recall.

With regard to paragraph 9, page 2, of Mr. HANSEN's notes to the effect that PHILLIPS, U. S. Circuit Judge ORIE L. PHILLIPS, rose to power in New Mexico and to the Federal

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bench while ALBERT FALL was the one and only political power in New Mexico, Mr. HANSEN stated that he related this only as a coincidence and did not mean to infer there was any irregularity in the appointment of Judge PHILLIPS or in the fact that Judge PHILLIPS was the Federal Judge who ultimately heard the BLACKMER case.

In paragraph 10, page 2, of Mr. HANSEN's notes, he relates that PHILLIPS did not even censor BLACKMER in court despite his notorious career, and that this is a sore spot with federal officials particularly the Bureau of Internal Revenue. Mr. HANSEN stated that he received this impression from certain Internal Revenue Agents to whom he talked at Denver, Colorado, the identities of whom he did not recall.

Mr. HANSEN advised further with regard to paragraph 11, page 2, of his notes wherein he states that Judge PHILLIPS took the case although court attaches said many visiting judges were in Denver while Judge J. FOSTER SYMES was sick and that BLACKMER returned only after Judge SYMES became very ill and never returned to the bench. He stated that this notation was merely a comment on his part as a mere coincidence, and he did not mean to infer that there was anything irregular in Judge PHILLIPS hearing this case. Mr. HANSEN further related that he has not at any time talked with IVOR WINGREN, former Assistant United States Attorney, or Mr. TOM MORRISSEY, former United States Attorney.

With regard to paragraph 13, of page 2, of Mr. HANSEN's notes to the effect that it was standing talk in the court that BLACKMER had offered \$100,000 to anyone who could keep him out of jail and clear up the charges, HANSEN was indefinite as to the source of this allegation. Former Attorney General WILLIAM D. MITCHELL by telephone, told him that a Mr. KIRBY, a St. Louis, Missouri attorney of the law firm of Kirby and Nagel in that city, had once represented Mr. BLACKMER. He stated that in a telephone conversation with Mr. MITCHELL, MITCHELL advised him that KIRBY had once approached him in this case due to MITCHELL being a personal friend of Mr. KIRBY, and that KIRBY had offered \$3,000,000 to dismiss the criminal charges. MITCHELL refused that offer, and during the conversation between

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MITCHELL and HANSEN, MITCHELL stated that he did not recall the provisions of this offer as to whether the two or three million dollars was for the payment of the tax evasion and penalty claims or as a bribe. MITCHELL claimed to have flatly refused this offer and claimed he did not know what the money represented. With regard to the \$100,000 offer above mentioned, Mr. HANSEN stated that he did not know exactly from whom he obtained that information.

Mr. HANSEN stated that he had telephonically communicated with Mr. JOSEPH B. KEENAN, who told him that his only interest in this case was to obtain a passport for Mr. BLACKMER.

Mr. HANSEN declined to disclose the name of the man whom he referred to in his notes in paragraph 5, of page 3, as it was a man in the Treasury Department who told him that Mr. BLACKMER had to return to the United States to collect his \$10,000,000. Mr. HANSEN stated that originally information came to him with regard to the freeze order against the funds of Mr. BLACKMER from a local attorney at Denver, Colorado, whose name he did not care to disclose.

In conclusion Mr. HANSEN stated that U. S. Senator EUGENE D. MILLIKIN may still be interested in certain corporations in which BLACKMER was involved in the United States. He stated that Mr. MILLIKIN was a law clerk of Mr. KARL SCHUYLER of Denver, who was a former U. S. Senator and now deceased. MILLIKIN, according to HANSEN, subsequently married Mr. SCHUYLER's widow and took over SCHUYLER's law business after SCHUYLER's death. He stated that SCHUYLER represented BLACKMER in certain corporations in the early days and that he believes MILLIKIN to now be an officer of some of these corporations.

Mr. HANSEN was asked if he desired to give a sworn, signed statement regarding this matter, and he replied that he saw no purpose of giving such a statement in view of the interview above mentioned. He admitted that the information set forth in his undated communication is the result of certain investigation he had made, coincidences that had come to his attention and it is entirely based on hearsay evidence.

NEWSPAPER ACCOUNTS

Newspaper clippings maintained in the morgues of the Denver Post and the Rocky Mountain News, both of Denver, Colorado, disclosed numerous items concerning HENRY M. BLACKMER, and photostatic copies of some of these articles are being transmitted as Exhibit #1 with this report.

With regard to background information relative to BLACKMER, these clippings report that he left the United States in 1924 to avoid explaining his part in the Continental Trading Company. Investigation into the Continental Trading Company resulted in criminal trials for EDWARD L. DOHENY, head of Mexican Petroleum Company, sent HARRY F. SINCLAIR to jail for contempt of court and landed ALBERT B. FALL, former Secretary of the Interior, in the New Mexico Penitentiary. The matter also resulted in the removal of Colonel ROBERT W. STEWART as chairman of the board of Standard Oil of Indiana, while J. E. O'NEIL, chairman of the Prairie Gas and Oil Company and BLACKMER fled to Europe.

Continental Trading Company was a Canadian corporation set up in November, 1921, when BLACKMER, head of Midwest Oil Company, SINCLAIR, O'NEIL and STEWART met in New York to negotiate for oil with the late A. E. HUMPHRIES, owner of Texas Oil Properties. HUMPHRIES was accompanied during these negotiations by his attorney, CHARLES THOMAS, who was a former Senator from Colorado. During these negotiations HUMPHRIES agreed to sell 33,333,333 barrels of oil at \$1.50 per barrel, which was to be delivered to Continental Trading Company. H. C. OSLER of Toronto, Canada signed as President of Continental Trading Company, and through this firm oil was sold to companies headed by BLACKMER, O'NEIL, STEWART and SINCLAIR for \$1.75 per barrel. According to the investigation this deal netted Continental Trading Company a profit of approximately \$3,000,000, and OSLER bought liberty bonds with this money, and the liberty bonds were divided equally amongst the four principals. A few years later a law clerk discovered that ALBERT B. FALL's accounts included \$230,000 in liberty bonds and found further that the numbers of these bonds coincided with those securities which had been purchased by OSLER. The Senate

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investigation into the FALL, DOHENY, SINCLAIR case was headed by Senator THOMAS WALSH of Montana, and during this investigation he called upon the principals of Continental Trading Company to appear before the committee. As previously mentioned, BLACKMER and O'NEIL went to Europe, STEWART defeated attempts to make him testify, and SINCLAIR, who was under indictment was immune.

According to newspaper accounts, BLACKMER's income tax claims were settled by his attorney, the late GORDON BATTLE of New York City, and the tax claims were based on a failure to report earnings from the Continental Trading Company. The tax claims were settled for an amount in excess of \$3,000,000, representing both taxes and penalties imposed against BLACKMER.

Although the newspaper clippings contain several interviews with BLACKMER while he was residing in Europe, the first articles reporting an indication that BLACKMER was to return to the United States were published on May 8, 1949. In the clipping of the Denver Post of this date it is reported that Attorney General TOM CLARK was contacted during a brief stop at Oklahoma City, at which time he stated that he had been approached approximately a year previous by an attorney who had asked what would be the attitude of the Department of Justice in the event BLACKMER sought to return to the United States. In the same article MAX M. BULKELEY, former United States Attorney at Denver, Colorado, was quoted as stating that an attorney from outside of Denver had checked the records relative to the BLACKMER case, but that no request had been made of him nor had anything happened although he anticipated some developments in the future.

A review of these newspaper accounts reflects that their first reference to any "deal" was recorded in Denver Post article of May 8, 1949. This account indicated that a prominent New York attorney was sounding out the Department of Justice as to the technique of getting the BLACKMER cases considered without BLACKMER's presence. Subsequent articles reflect that Mr. BULKELEY indicated that the "pre-arranged understanding" was made on a high level basis between BLACKMER's attorneys and the Attorney General's Office in Washington, D. C.

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CHARLES S. VIGIL, UNITED STATES ATTORNEY
AND
RECORDS OF THE UNITED STATES ATTORNEY'S OFFICE

Mr. CHARLES S. VIGIL, present United States Attorney at Denver, Colorado, was interviewed and advised that he was appointed United States Attorney at Denver on October 22, 1951. He stated that Mr. RALPH CARR was United States Attorney at Denver, Colorado from 1923 to 1933, and that Mr. MAX M. BULKELEY was United States Attorney from July of 1947, to October 22, 1951. Mr. VIGIL stated that he had no connection with the prosecution of instant case inasmuch as he took office after final prosecutive action which occurred in September and November of 1949. He further advised that he did not realize the presence of this case in the office of the United States Attorney until he received a telephone call from Mr. JAMES McINERNEY about the spring of 1952, when Mr. McINERNEY inquired as to the details relative to the final prosecutive action in this case. He stated at that time that he obtained the file and related to Mr. McINERNEY such details as he found therein. Mr. VIGIL stated further that Mr. BOB HANSEN, staff writer of the Denver Post, had discussed this case with him probably in the fall of 1951, and told him that he intended to print a story in the paper concerning it. Mr. VIGIL stated, however, that he concluded that the story which Mr. HANSEN indicated he intended to print was based primarily on conjecture and actually did not have any basis of fact.

Mr. VIGIL was unable to provide any definite information concerning the handling of this case, but did state that he did not believe from his review of the file that former United States Attorney MAX M. BULKELEY could be criticized for his procedures in prosecution of the matter. Mr. VIGIL made available the file of the United States Attorney's Office to Agents and same was subsequently reviewed and pertinent portions, particularly copies of letters written by Mr. BULKELEY to the Department, have been photostated and are being attached as Exhibit #2 to this report.

Although the United States Attorney's Office file does not contain copies of the indictment against BLACKMER as hereafter set forth, the files of the U. S. Clerk of Court

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reflect that all six indictments against BLACKMER, including the four perjury indictments, were returned by Federal Grand Jury and filed with the Clerk on June 15, and 16, 1928.

Subsequent correspondence, particularly a letter from A. W. MELLON, Secretary of the Treasury, dated November 26, 1928, indicates that the perjury indictments were in all probability returned to assist in the government's attempted extradition of BLACKMER from Paris, France. However, ARTHUR H. DIEBERT, General Assistant to General Counsel, U. S. Treasury Department, advised former United States Attorney GEORGE STEPHAN that the French courts would not honor extradition because of the following: (1) The two crimes of perjury having been committed in connection with a political matter constituted a political offense and were therefore barred from extradition. (2) Perjury can be committed only in court in France, consequently BLACKMER's perjury was not constituted as a crime having been committed under French law. (3) Since no crime had been committed, the French statute of limitations for misdemeanors would apply and bar extradition.

By letter dated February 9, 1929, MABEL WALKER WILLEBRANDT, Assistant Attorney General, requested Mr. STEPHAN's recommendation as to proceeding with prosecution or the dismissal of the BLACKMER indictments. In response thereto STEPHAN telegraphed the Department of Justice on February 25, 1929, indicating he had no objections to dismissing the indictments against BLACKMER provided a sufficiently advantageous settlement could be obtained in the tax cases.

Subsequently STEPHAN's successor as United States Attorney, RALPH L. CARR, directed a letter dated December 29, 1932, to the Attorney General in which he advised that EUGENE D. MILLIKIN, attorney, Denver, was at that time acting as attorney for HENRY M. BLACKMER, and had called upon CARR to determine what course the United States Attorney's Office expected to follow in connection with the BLACKMER cases. It was MILLIKIN's contention that the perjury cases should be dismissed and that pleas of nolo contendere should be received upon the other indictments.

Mr. CARR wrote that he would take no action whatsoever in respect to the BLACKMER cases except on explicit instructions

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from the Department, and reminded them that on his last visit to Washington he was given to understand that the Department was unwilling to accept a plea of nolo contendere in the absence of the defendant.

On January 21, 1933, United States Attorney RALPH L. CARR forwarded to the Department of Justice a letter of the same date which he had received from the former United States Attorney, GEORGE STEPHAN. The enclosed letter indicated that E. D. MILLIKIN, attorney for HENRY BLACKMER, had indicated to STEPHAN that he planned to seek the dismissal of the perjury indictments against his client. STEPHAN repeated his recommendation originally made while still in office, that all indictments against BLACKMER be dismissed if a satisfactory settlement were made of the tax claims against BLACKMER. Further, that it was his opinion that the government was not justified in longer maintaining the perjury indictments in which the signatures of BLACKMER were undisputed and the jurats carry every appearance of regularity. Nevertheless, investigation developed that BLACKMER was not in Colorado on either of the dates on which it is alleged that he made the false oaths and the testimony of the notary is uncertain inasmuch as she stated at that time that she does not recall actually swearing BLACKMER and has maintained no records of her notarial acts. He concluded with the statement, "The value of the jurats having since been destroyed - - - we have no other evidence out of which to make a case. It is a matter of course to ask the dismissal of indictments under such circumstances."

MAX M. BULKELEY, former United States Attorney, in a letter to PEYTON FORD, Assistant Attorney General, June 29, 1949, indicated that it was his opinion that a transfer of the case from Colorado to Boston, Massachusetts would not be advisable and would in all probability evoke severe criticism on the part of the public press. This same letter reflects that on the occasion of a previous visit by JOSEPH KEENAN on April 19, 1949, KEENAN had advised that they were endeavoring to arrange for BLACKMER's pleas of guilty on the two cases involving tax evasion with the dismissal of the remaining perjury charges. Mr. BULKELEY was of the opinion that it would be impossible for the government to secure

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evidence to sustain convictions in the perjury cases, and consequently had no objections to the dismissal of the four perjury charges.

At the same time Mr. BULKELEY wrote the Honorable ED C. JOHNSON, United States Senator, Washington, D. C., enclosing to him a copy of his letter to PEYTON FORD of the same date, and indicated that the more he studied these cases the more satisfied he was that they should not be transferred to Massachusetts because of severe criticism which would follow.

In a follow up letter dated June 27, 1949, BULKELEY referred Senator JOHNSON to his previous letter, and additionally stated that Judge SYMES had indicated that were the cases to be disposed of in Colorado, he would not impose a jail sentence.

On August 4, 1949, BULKELEY directed a letter to PEYTON FORD in which he refers to their long distance phone call of June 13, 1949, on which occasion it was indicated that arrangements were being made whereby BLACKMER could return to this country with the possibility of having the cases transferred from Colorado to Massachusetts. He reminded Mr. FORD that such a procedure would not meet with his approval.

On the day of the letter HAROLD D. ROBERTS, BLACKMER's local Denver counsel, had conferred with Mr. BULKELEY proposing that BLACKMER would be willing to plead guilty or nolo contendere to the two cases charging tax evasion providing the government would be willing to dismiss the four cases charging perjury. Mr. BULKELEY maintained that he was satisfied that the government would be unable to sustain convictions in the perjury cases, consequently he had no objection to the proposed dismissal of the perjury cases upon a plea of guilty to the tax evasion charges, and requested departmental authority to take such action upon the appearance of BLACKMER.

On September 7, 1949, BULKELEY again wrote PEYTON FORD, Assistant to the Attorney General, in which he pointed out incapacity on the part of Judge SYMES as a result of which

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U. S. Circuit Court of Appeals Judge ORIE L. PHILLIPS had conferred with BULKELEY and indicated that in the event Judge SYMES was unable to hear the matter he would assign another judge or take care of the matter himself.

Mr. BUCKELEY pointed out that the two income tax evasion indictments apparently cover the same identical years and are based on the same facts, one having been drawn by the United States Attorney, Denver, and another by a Washington attorney in the event the cases were resisted on any technicalities. Consequently he suggested dismissal of one of these tax evasion indictments and requested authority for the same.

In his letter, BULKELEY indicates that Judge PHILLIPS, when conferring with him on the preceding Friday, wanted a recommendation from either the United States Attorney or the Attorney General. In this letter BULKELEY states that if he were called upon to make the recommendation, he would suggest a \$5,000 fine on Count #1, and \$500 on each of the other three counts.

RECORDS OF THE CLERK
U. S. DISTRICT COURT
DENVER, COLORADO

Examination of the records of the Clerk of the U. S. District Court reflects that there were returned by a Federal Grand Jury at Denver, Colorado and later filed with the Clerk on June 15, and 16, 1928, six indictments, two of which charged HENRY M. BLACKMER with tax evasion and four which charged him with perjury. An examination of these indictments reflects that the tax evasion indictment file under Criminal Case #5932, on June 15, 1928, was an indictment returned against BLACKMER on four counts. This was the indictment to which Mr. BLACKMER plead guilty on September 26, 1949, in the U. S. District Court at Denver, Colorado. The Criminal Case #5935, which was based on the same evidence and reflected the same charges as the indictment returned in Criminal Case #5932, was dismissed according to the Clerk's records by order of the court on November 2, 1949.

Indictments in Criminal Cases #5933, #5934, #5936 and #5937 were all returned and filed with the Clerk of the U. S.

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District Court, Denver, Colorado on June 15, and 16, 1928, and all charged HENRY M. BLACKMER with perjury. These four indictments were likewise dismissed on November 2, 1949. A photostatic copy of the court proceedings in instant cases taking place in the U. S. District Court at Denver, Colorado on September 26, 1949, has been obtained and is being made Exhibit #3 with this report.

Also, there is contained in Exhibit #3, a copy of a transcript of the statements made by U. S. Circuit Judge ORIE L. PHILLIPS concerning his action in dismissing the four perjury indictments and his statements prior to his pronouncing sentence on HENRY M. BLACKMER relative to the charges of the tax evasion indictment. A photostatic copy of the sentence pronounced by Judge PHILLIPS is also contained in Exhibit #3.

MAX M. BULKELEY
FORMER U. S. ATTORNEY

Mr. MAX M. BULKELEY, who resides at 2295 Birch Street, Denver, Colorado, when interviewed advised that he was sworn in as United States Attorney at Denver, Colorado on July 28, 1947. He held that office until October 22, 1951. Mr. BULKELEY stated that he personally handled the HENRY M. BLACKMER case in his office while he was United States Attorney, and that none of his assistants had anything to do with it. He stated that he realized that this case was an important one and that it had gained considerable publicity and would be likely to gain more publicity when it was disposed of in court.

Mr. BULKELEY stated that Mr. JAMES McINERNEY came to Denver at the time HENRY M. BLACKMER appeared in court on September 26, 1949, and entered his plea of guilty to the tax evasion indictment. He stated that Mr. McINERNEY took no part in the court proceedings on that day but merely sat in the courtroom. Mr. BULKELEY stated that the Department had indicated a desire that Mr. BLACKMER receive a jail sentence on his plea of guilty to the indictment. Mr. BULKELEY advised he did not agree with the Department's desires in that respect due to the fact that Mr. BLACKMER was in poor physical condition, that he was under the care of imminent physicians who had advised that his death would be caused in

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the event he were sent to jail. Mr. BULKELEY stated that there had been two indictments returned against Mr. BLACKMER for tax evasion, which were based on the same allegations and consequently it was only in order that one of these indictments be dismissed.

Mr. BULKELEY advised that Senator EDWIN C. JOHNSON had called him by telephone from Washington, D. C. sometime in the spring of 1949, and advised him that Mr. JOE KEENAN was coming to Denver, Colorado. Mr. BULKELEY advised that Senator JOHNSON asked him to show KEENAN every courtesy he could, but that he did not endeavor to make any suggestions as to the disposition of the BLACKMER case. Mr. BULKELEY advised that Mr. KEENAN did come to Denver on April 19, 1949, and according to a handwritten note which Mr. BULKELEY had in his own personal file at his residence, Mr. KEENAN was in his office for one hour and ten minutes. At that time Mr. KEENAN asked Mr. BULKELEY if the government would dismiss the perjury indictments against BLACKMER if BLACKMER plead guilty to the tax evasion case. Mr. BULKELEY advised that he indicated that such an arrangement might be effected. He stated that this apparently was Mr. KEENAN's sole purpose for visiting him in Denver, and he believed that KEENAN merely wanted to determine the attitude of the United States Attorney with respect to disposal of all of the indictments against BLACKMER.

Mr. BULKELEY further advised that Mr. PEYTON FORD, Deputy Attorney General, telephonically communicated with him, BUCKELEY, and asked him if he would agree to transfer the BLACKMER case to Massachusetts. Mr. BULKELEY said that he advised Mr. FORD that he realized this case would receive considerable publicity at the time it was disposed of, and that undoubtedly if it were to be transferred from Denver, the press might severely criticize the government officials involved. Mr. BULKELEY stated that he told Mr. FORD that if he were ordered to transfer the case to Massachusetts, that he would not do so before receiving such an order in writing. He stated that Mr. FORD concluded his phone conversation by stating that the Attorney General's Office would be agreeable to the transfer of this case to Massachusetts. Mr. BULKELEY stated that he did not receive any written communication from the Attorney General's Office instructing him to transfer this case from Denver.

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Mr. BULKELEY advised that attorney HAROLD D. ROBERTS of Denver represented Mr. BLACKMER in these cases and had talked to him on several occasions subsequent to the time that Mr. JOSEPH KEENAN visited him in Denver. Mr. BULKELEY stated that these cases were to be presented to Judge J. FOSTER SYMES, but that Judge SYMES became ill during the summer of 1949 and thereafter retired without resuming his duties as a U. S. District Judge. Judge SYMES subsequently died. Mr. BULKELEY stated that Mr. HAROLD D. ROBERTS was concerned only with regard to the possibility of HENRY M. BLACKMER receiving a jail sentence on a plea of guilty to the tax evasion case.

Mr. BULKELEY stated that the newspapers of Denver had wanted a story on the BLACKMER case in advance of the court action in an effort to find out whether any arrangement had been made to dismiss the perjury cases before BLACKMER plead guilty to the tax evasion case. Mr. BULKELEY admitted that he had advised the newspapers that arrangements for Mr. BLACKMER's appearance in Denver and the action on the case to dismiss the perjury indictments would be made at Washington, D. C. Mr. BULKELEY denied that he had told any newspaper men in Denver that a "deal" was being made in this case in Washington. He stated that the word "deal" had been misconstrued and he was referring only to the arrangements for BLACKMER's appearance in Denver. Mr. BULKELEY advised that Mr. BLACKMER could have been subjected on his plea of guilty on the four counts in the tax evasion indictment to a \$10,000 fine on each count, but that Judge PHILLIPS fined him \$5,000 on each count. Mr. BULKELEY stated that he recommended a lesser fine but that his recommendation was ignored.

Mr. BULKELEY advised that he had never been approached in this case by anyone with regard to taking any action favorable to BLACKMER relative to the disposition of the charges. He stated that the only time he had been contacted in the matter with regard to taking any such action was when Mr. PEYTON FORD called him by telephone, which according to Mr. BULKELEY's personal notes was at 9:30 A.M. June 13, 1949.

Mr. BULKELEY stated that he has been acquainted with Senator EDWIN C. JOHNSON for years and both he and Mr. JOHNSON are past masters of the Odd Fellows lodge and have known each

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other as brothers of that organization. Mr. BULKELEY was asked why, in his opinion, it was desired to transfer the BLACKMER case to Boston for disposition, and he stated that he could only surmise that the reason it was desired to transfer it to Boston was that a possible jail sentence would have been more likely to be avoided. Mr. BULKELEY stated that he made a statement in open court at the time Mr. BLACKMER appeared on September 26, 1949, that there was not sufficient evidence to prove charges alleged in the perjury indictments. He said that he had obtained authority from the Department of Justice to dismiss all of the perjury indictments. He further advised that Judge ORIE L. PHILLIPS requested and received from him the entire files of the United States Attorney's Office for the purpose of reviewing them prior to passing sentence in the BLACKMER case. He further advised that Mr. BLACKMER endeavored through his attorney to make a plea of nolo contendere, which was refused, and a plea of guilty was thereafter entered in the tax evasion case.

Mr. BULKELEY advised that former U. S. Congressman JOHN A. CARROLL had telephonically communicated with him from Washington as a result of Mr. CARROLL being interviewed by newspapermen in Washington regarding the BLACKMER case after it was disposed of at Denver. He stated that CARROLL desired to know whether a Congressional investigation might be warranted. Mr. BULKELEY said he told Mr. CARROLL there was nothing to investigate and the case had been handled legitimately up to the time of its disposition. He advised that Senator EUGENE D. MILLIKIN had never contacted him in connection with the BLACKMER case.

Mr. BULKELEY advised that he has no recollection of obtaining any information that HENRY M. BLACKMER had any large amounts of money in banks in the United States, which accounts had been frozen by the government. He further advised that he has no recollection in connection with the case of PETE DEMIS, mentioned in the notes of ROBERT H. HANSEN; and he has no recollection of Senator JOHNSON communicating with him or talking to him about the DEMIS case.

IVOR O. WENGREN
FORMER ASSISTANT
UNITED STATES
ATTORNEY

IVOR O. WENGREN, Attorney, 335 Symes Building, Denver, Colorado, advised that he had been a former Assistant U. S. Attorney, almost continuously from approximately January 1, 1926 until his resignation in the fall of 1947. During his term of office, his principal responsibility was the prosecution of income tax violations which included the HENRY M. BLACKMER case.

Mr. WENGREN recalled that after the government's unsuccessful attempts in extraditing BLACKMER, the case was more or less dormant with the Government making yearly appearances in order to keep the indictments in effect. He recalled that during the term RALPH L. CARR served as U. S. Attorney, RALPH HARTZEL (deceased), attorney, connected with Dines, Dines, and Holmes, established that BLACKMER had been somewhere in the East at the time he was alleged to have subscribed to the jurat on his income tax returns, which jurats were the basis for government perjury indictments. This evidence was quite conclusive of the fact that BLACKMER could not have sworn to the evidence before the Notary Public.

As a result of this evidence, it was quite evident that the Government would be unable to sustain convictions on the perjury indictment.

Mr. WENGREN explained that he had formerly been a law partner with the late U. S. District Judge J. FOSTER SYMES. He explained that SYMES was very circumspect about discussing cases pending before him in the U. S. District Court but had on one occasion during 1949 mentioned to Mr. WENGREN that he, SYMES, had been contacted by HAROLD D. ROBERTS, BLACKMER's attorney. He recalled that during this discussion there was some mention made to the effect that ROBERTS was endeavoring to have the matter transferred to Boston, Massachusetts under Rule 20, which information WENGREN in turn relayed to his successor as Assistant U. S. Attorney, HENRY E. LUTZ.

Mr. WENGREN advised that he was fully aware of the background of the BLACKMER case from its inception and during

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the period of his tenure as Assistant U. S. Attorney but that he had no factual information subsequent to his resignation in the fall of 1947. It was his opinion that BLACKMER's attorney would never have permitted the matter to have been heard in Denver while he, WENGREN, was in the Office of the U. S. Attorney or while Judge SYMES was on the Bench. He added that based upon his association with the late SYMES, he was convinced that SYMES would have imposed a nominal jail sentence and he believed further that HAROLD ROBERTS, BLACKMER's attorney, would have had the same opinion. Mr. WENGREN stated that he knew nothing concerning the transactions involving BLACKMER's blocked funds other than that related in newspaper accounts.

HENRY E. LUTZ
FORMER ASSISTANT
UNITED STATES
ATTORNEY

Mr. HENRY LUTZ, Attorney, informed that he succeeded IVOR WENGREN in the Office of the U. S. Attorney at Denver and that his primary responsibility was the handling of cases involving tax evasions and frauds against the Government. He reported that the case of HENRY M. BLACKMER was continuously assigned to him until the spring of 1949 when Mr. BULKELEY took personal charge of the matter. Mr. LUTZ recalled that Mr. JOSEPH KEENAN had made a courtesy call on him while KEENAN was in Denver but that there had been no discussion concerning the BLACKMER case. One of the last incidents to be recalled by Mr. LUTZ was a conversation that he had had with IVOR WENGREN who advised him that HAROLD ROBERTS had discussed it with the late Judge SYMES and that there had been a discussion concerning the transfer of the BLACKMER case to Boston, Massachusetts. He recalled that he received this information on a Saturday and that on the following Monday morning, he had a discussion with Mr. BULKELEY about it and cautioned Mr. BULKELEY on the possibility of his being requested to approve such a transfer. He stated that he pointed out to Mr. BULKELEY the matter was one which would receive a great deal of publicity and might possibly result in severe newspaper criticism if such action were taken. He stated that he suggested to Mr. BULKELEY that he would not permit the case to be transferred to Boston except on written instructions from the

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Department of Justice. Mr. LUTZ continued by stating that while he was in Mr. BULKELEY's office, Mr. BULKELEY received a telephone call from PEYTON FORD, Deputy Attorney General and he heard BULKELEY mention on at least three occasions that he would insist upon written instructions from the Department prior to any agreement to transfer the BLACKMER case to Boston. Mr. LUTZ stated that to his knowledge, no such written instructions were ever received and the case was thereafter heard and disposed of in U. S. District Court, Denver, Colorado.

Mr. LUTZ stated that if he had been asked for a recommendation as to the sentence to be imposed, he would have suggested the maximum fine on all counts together with a nominal jail sentence.

MR. THOMAS J. MORRISSEY
FORMER UNITED STATES ATTORNEY

Mr. THOMAS J. MORRISSEY, when interviewed, advised that he was United States Attorney at Denver, Colorado from June 13, 1933 until April of 1947. He advised in regard to BLACKMER's case, that during the time he was U. S. Attorney at Denver, the file in this case was kept under his personal supervision. He stated that the only incident as he recalls with respect to this case during his term of office was when Mr. JOSEPH O'CONNELL who was a former special prosecutor in the U. S. Attorney General's Office, personally contacted Mr. MORRISSEY in Denver and suggested that the case against Mr. HENRY M. BLACKMER might be dismissed. Mr. MORRISSEY advised that he told Mr. O'CONNELL that he would not take it upon himself to dismiss any of the indictments against BLACKMER unless he received written authority to do so from the Justice Department. Mr. MORRISSEY stated that he realized from review of the file during his time in the office that it was not possible to approve the allegations contained in the indictment charging BLACKMER with perjury. Mr. MORRISSEY stated with regard to Mr. O'CONNELL that O'CONNELL is now deceased. MORRISSEY was well acquainted with Mr. O'CONNELL, who was formerly a County Democrat chairman in Denver, Colorado sometime prior to 1932. He stated that O'CONNELL was Assistant Attorney General or a special prosecutor for the Department of Justice two or three years prior to his death. Mr. MORRISSEY could not recall what year

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Mr. O'CONNELL contacted him regarding the BLACKMER case but indicated that it was during the time that O'CONNELL was Assistant Attorney General.

Mr. MORRISSEY further advised that he does not believe that Judge J. FOSTER SYMES would have ever dismissed the indictments against BLACKMER so long as he, SYMES, was a U. S. District Judge in Denver. He stated that Judge SYMES was seriously ill from the summer of 1949 until his death and therefore was not capable at that time of sitting as a Judge in this case.

Mr. MORRISSEY advised that Judge ORIE L. PHILLIPS has informed him that he finds it very difficult as a Judge in any case to sentence men to the penitentiary. Mr. MORRISSEY further advised that PHILLIPS had told him he finds the sentencing of individuals as a Judge is one of the most difficult tasks that he has to perform. Mr. MORRISSEY stated that he has no reason to believe that Judge PHILLIPS decided to sit as the Judge in the BLACKMER case for any ulterior motive.

JOSEPH N. LILLY
FORMER ASSISTANT
UNITED STATES
ATTORNEY

Mr. JOSEPH N. LILLY who is presently practicing law in Room 720, University Building, advised that he had nothing to do with handling of the BLACKMER case in the U. S. Attorney's Office at Denver, Colorado and that the case had never been assigned to him for handling. He further advised that he does not recall that he ever discussed the case with U. S. Attorney THOMAS J. MORRISSEY or U. S. Attorney MAX M. BULKELEY. He stated that he does recall that Mr. JAMES McINERNEY, Assistant Attorney General was in the court room in Denver at the time HENRY M. BLACKMER plead guilty to tax evasion case on September 26, 1949. Mr. LILLY advised that he asked Mr. McINERNEY at that time why he was in Denver and Mr. McINERNEY replied that he was in Denver merely as an observer in connection with BLACKMER case. He stated that McINERNEY told him that he did not intend to take any part in the prosecution or disposition of the BLACKMER case.

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Mr. LILLY denied any knowledge of any arrangements which might have been made for BLACKMER to appear in Denver. He also denied any knowledge of any arrangements having been made by U. S. Attorney's Office, Denver and knows of no unusual circumstances relative to the disposition of the BLACKMER case. He advised that Judge J. FOSTER SYMES was definitely very seriously ill both prior and during the time of Mr. BLACKMER's appearance in Denver. He advised that in his opinion, ORIE L. PHILLIPS was entirely honest in disposing of this case and knows that before Judge PHILLIPS passed sentence, he called for and reviewed the entire file in possession of U. S. Attorney. He stated that he also is sure that Judge PHILLIPS was aware of the alleged poor physical condition of Mr. BLACKMER prior to passing sentence.

Mr. LILLY pointed out that it is not unusual for a defendant to plead guilty on one indictment with it previously understood that other indictments against him would be dismissed. He advised that former U. S. Attorney MAX M. BULKELEY in his opinion is entirely honest and would do nothing to jeopardize his reputation. He advised Mr. BULKELEY is financially well off in that he owns several farms and other real estate and has retired at the present time. Mr. LILLY went on to state that it is general opinion in the U. S. Attorney's Office in Denver that perjury charges could not be proved against BLACKMER. He stated that Judge ORIE L. PHILLIPS had told him both prior and subsequent to the time he disposed of the BLACKMER case that it was very difficult for him to sentence men to the penitentiary and one of the most distasteful parts of that position. Mr. LILLY went on to state that Judge PHILLIPS told him that he was glad to be relieved of that obligation when he was appointed U. S. Circuit Judge. Mr. LILLY stated that he knows of no Judge who would have sentenced Mr. BLACKMER to the penitentiary inasmuch as Mr. BLACKMER was approximately 80 years old, was in poor health and further that he had many years previously made full restitution to the Government by payment of tax claims and penalties. He further stated that he feels sure in his own mind that neither Mr. BULKELEY or Judge PHILLIPS gained financially in the handling of the BLACKMER case and that even if any overtures were made to them, he is of the opinion they would not have been in the least

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susceptible to them. He stated that both Mr. BULKELEY and Judge PHILLIPS have excellent reputations and appear financially well fixed.

Mr. LILLY pointed out that Judge PHILLIPS is a staunch Republican and would not have put himself in a position to jeopardize his position in behalf of a Democratic administration. He further stated that Mr. BULKELEY would not make any decision in this case due to the wide-spread publicity, without first being authorized by the Department of Justice.

A. L. MC AULAY
UNITED STATES
PROBATION OFFICER

A. L. McAULAY, Chief U. S. Probation Officer, U. S. Post Office Building, Denver, advised that his first connection with the BLACKMER case occurred at the time BLACKMER personally appeared before Judge ORIE L. PHILLIPS in U. S. District Court, Denver, and entered a plea of guilty to one of the indictments outstanding against him. On that occasion, Judge PHILLIPS ordered the probation officer to make the usual pre-sentence investigation of BLACKMER, submitting the results to the Judge.

McAULAY explained that inasmuch as BLACKMER had been a resident of Europe since the 1920s, he requested BLACKMER's son MYRON L. BLACKMER to submit in writing, an account of his father's personal background and involvement in the litigation. As a result MYRON BLACKMER submitted a letter dated September 29, 1949 to which was attached a copy of a press release issued by the Treasury Department, Washington D.C. for release on June 22, 1942. In the press release, the Treasury Department announced that the Foreign Funds Control had uncovered over \$10,000,000 in securities and cash accounts, all owned by HENRY M. BLACKMER; that these assets had been frozen by Foreign Funds Control and Government agencies that had a possible claim against BLACKMER, had been advised of the funds availability.

Concerning this press release MYRON BLACKMER wrote as follows:

"This press release was issued on mistaken information since the assets referred to were not uncovered

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by the U. S. Government as full disclosure had been made by us. These assets had always been held in my father's name in the custody of an English bank ----, that this was the fact recognized by the Government when the U. S. Foreign Funds Control at the close of the war, realizing that these transactions had been handled by us in an entirely open and above board manner, unblocked my father's account in purely routine fashion".

Mr. MC AULAY stated that during the course of his investigation, he received letters from medical officials at Lahey's Clinic, Boston, Massachusetts, attesting to the poor physical condition of HENRY M. BLACKMER, which letters he likewise made available to Judge PHILLIPS as a part of his investigative report. A photostatic copy of above referenced treasury department press release is enclosed as Exhibit #4.

* * * * *

HISTORICAL OUTLINE
OF ORIE L. PHILLIPS'
APPOINTMENT AS U. S.
DISTRICT JUDGE

Item #9, page 2, of the undated communication of ROBERT H. HANSEN, "Denver Post" staff writer implied that Judge PHILLIPS rose to power in New Mexico and was appointed to the Federal bench while ALBERT FALL, former Secretary of Interior, was the one and only political power in New Mexico and further implied possible indebtedness on the part of PHILLIPS to BLACKMER inasmuch as BLACKMER was sought to appear as a witness against FALL in the Teapot Dome investigation.

Concerning this matter, Confidential Informant T-1, of known reliability, advised that Judge ORIE L. PHILLIPS had himself purportedly explained his original appointment as U. S. District Judge and subsequent appointment as U. S. Circuit Court Judge in the following manner.

In the spring of 1920, Judge PHILLIPS was a delegate to the State Republican Convention held in Albuquerque, New Mexico at which time Secretary FALL was desirous of obtaining the selection of delegates who would

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favor the nomination of Senator HARDING at the Republican National Convention. H. O. BURSUM, a Republican political power in New Mexico and many others including PHILLIPS favored the nomination of General WOOD. A delegation was selected of which PHILLIPS was a member and instructed to vote for General WOOD and support General WOOD to the last at the National Convention.

A breach was created between Senator FALL and Mr. BURSUM and others who refused to accede to the desires of Senator FALL in the State Convention. When Senator FALL resigned as Senator to become Secretary of the Interior, he protested against the appointment of Mr. BURSUM to fill the vacancy while PHILLIPS recommended the appointment of Mr. BURSUM. PHILLIPS was then a member of the New Mexico State Senate and Governor MECHEM had appointed Senator BURSUM. A special election was called to elect a senator for the unexpired term in September 1920. Mr. BURSUM was nominated. He concluded the campaign should not be handled by the State Chairman and as a result, a special campaign committee was created and at Senator's BURSUM's request, PHILLIPS was appointed Chairman of the Campaign Committee. This resulted in many friends of Secretary FALL refusing to do anything to support Senator BURSUM for election. Consequently PHILLIPS set up a completely independent organization in one county and Senator BURSUM was ultimately elected.

Subsequently, a Bill was passed in Congress for the adjudication of title of claimants to lands in New Mexico, which had formerly belonged to the Indians. This act created a large increase in the cases in the New Mexico district and resulted in a Bill authorizing an additional Federal Judge for the district of New Mexico at the insistence of Senator BURSUM. BURSUM also recommended the appointment of DAVID J. LEAHY, of Las Vegas, New Mexico, since LEAHY had been a strong supporter of General WOOD. Secretary FALL allegedly protested to President HARDING the appointment of Judge LEAHY which resulted in the President making no nomination. Early in 1923, prior to the termination of Congress, 3 of the leading lawyers of New Mexico Bar went to Washington and urged the President to make an appointment. The President requested them to submit the names of three lawyers qualified for the position. Those names submitted included JAMES HERVEY of Roswell, New Mexico, PHILLIPS of Raton, New Mexico and one other lawyer.

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The president made inquiries of the three New Mexico lawyers who had presented the three names as choices for appointments. The President was told that PHILLIPS managed Senator BURSUM's campaign in the special election of 1920 and the President observed that Senator BURSUM could not very well oppose the nomination of PHILLIPS. President HARDING thereafter sent the name of Mr. PHILLIPS to the Senate about March 1, 1923. The confirmation of PHILLIPS was urged before the Senate Judiciary Committee by Senator BURSUM and Senator JONES, the latter being the Democratic Senator from New Mexico. PHILLIPS was then the majority Republican leader in the New Mexico State Senate while the House of Representatives had a Democratic majority. The minority leader in the Senate as well as the majority leader in the House, both Democrats, introduced a resolution urging the confirmation of PHILLIPS. This resolution was unanimously adopted by both the House of Legislature and the Senate Judiciary Committee was advised. PHILLIPS was thereafter confirmed on the last day of the session of Congress, March 4, 1923.

ENCLOSURES TO BUREAU:

1. Consists of photostatic copies of newspaper items taken from the files of the "Denver Post" and "Rocky Mountain News", Denver, Colorado.
2. Photostatic copies of pertinent communications, particularly those of MAX M. BULKLEY, obtained from a review of the file of U. S. Attorney's Office, Denver, Colorado
3. Consists of photostatic copies of (1) statement by MAX M. BULKLEY, U. S. Attorney, at time of entry of plea by HENRY M. BLACKMER. (2) official court record of Court Proceedings in re U. S. vs HENRY M. BLACKMER, September 26, 1949, U. S. District Court, Denver, Colorado. (3) Statement of USCCA Judge ORIE L. PHILLIPS on occasion of the dismissal of four perjury indictments against HENRY M. BLACKMER, November 2, 1949, U. S. District Court, Denver Colorado. (4) Pre-sentencing statement of

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USCCA Judge ORIE L. PHILLIPS in re HENRY M. BLACKMER, U. S. District Court, Denver, Colorado, November 2, 1949. (5) Judgment and Commitment dated November 2, 1949, issued by USCCA Judge ORIE L. PHILLIPS.

4. Photostatic copy of press release of the Treasury Department, Washington, D. C. dated June 22, 1942.

-P -

ADMINISTRATIVE PAGE

INFORMANTS

Confidential Informant mentioned in the report of SA FRED G. McGEARY, dated 1/30/53, at Denver, entitled, "UNKNOWN SUBJECTS; Alleged Irregularities in Connection With The Income Tax Case of United States vs HENRY M. BLACKMER (United States District Court, Denver, Colorado. MISCONDUCT IN OFFICE, BRIBERY" is [REDACTED],

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[REDACTED] who provided agents with a copy of a letter dated March 24, 1952, purportedly written by Judge ORIE L. PHILLIPS to Mr. CHARLES J. MOYNIHAN who is an attorney at Montrose, Colorado. This letter is contained in Exhibit #5, which is being transmitted under separate cover.

LEADS

THE ST. LOUIS OFFICE

AT ST. LOUIS, MISSOURI

Will endeavor to locate and interview Mr. KIRBY, who at one time was reportedly a member of the firm KIRBY and NAGEL. ROBERT H. HANSEN advised that former attorney general WILLIAM D. MITCHELL reported that KIRBY was an old friend of his and that KIRBY had gone to MITCHELL at one time and asked him to drop prosecution in the BLACKMER case, on the basis of payment of 2 or 3 million dollars. MITCHELL claims now not to recall whether the payment of those funds was purely for the settlement of tax deficiency or of the nature of the bribe. KIRBY should be thoroughly interviewed along these lines to determine what connection he had with the BLACKMER case.

THE NEW YORK OFFICE

AT NEW YORK, NEW YORK

Will conduct investigation outlined in Bureau letter, 1/19/52

DN 58-35

THE WASHINGTON FIELD OFFICE

AT WASHINGTON, D. C.

Will conduct investigation outlined in Bureau letter , 1/19/52.

Upon approval of the Bureau, will interview U. S. Senators EDWIN C. JOHNSON and EUGENE D. MILLIKIN for such information as they may have regarding their interest and activity in instant case.

In connection with undeveloped leads set forth in Bulet dated 1/19/53, will endeavor to determine the identity of the individual, former head of the Foreign Funds Control, U. S. Treasury, to whom ROBERT H. HANSEN claims to have submitted his undated notes upon which this investigation has been predicated. If identified, he should be questioned as to his knowledge of the alleged freezing and unfreezing of funds belonging to HENRY M. BLACKMER.

THE DENVER OFFICE

AT DENVER, COLORADO

Will locate and interview JOHN A. CARROLL, former U. S. Congressman for any information he may have concerning instant case.

REFERENCE

Bulet to Denver, dated January 19, 1953
Teletype to Director from Denver dated January 26, 1953
Airtel from Director to Denver, dated January 27, 1953
Teletype from Denver to Director, dated January 29, 1953

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **DENVER**

ET

REPORT MADE AT NEW YORK	DATE WHEN MADE 1/29/53	PERIOD FOR WHICH MADE 1/22, 23, 26/53	REPORT MADE BY WILLIAM A. HALPIN
TITLE UNKNOWN SUBJECTS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF U. S. VS. HENRY M. BLACKMER (UNITED STATES DISTRICT COURT, DENVER, COLORADO)			CHARACTER OF CASE MISCONDUCT IN OFFICE, BRIBERY

SYNOPSIS OF FACTS:

WILLIAM D. MITCHELL, former United States Attorney General in Hoover Administration, advised both he and his Assistant Attorney General YOUNGQUIST, took position that no settlement of BLACKMER'S tax liability should be made which would include dismissal of criminal charges or that any cash settlement should be made which would in any way act as a bar to criminal prosecution. Was approached by a newspaperman regarding Blackmer Case in January, 1950, and as a result made inquiries of Department of Justice and others to obtain full story as far as he as Attorney General was concerned. MITCHELL'S correspondence file in this matter reviewed and results set out. File reflects USA, BULKLEY, Denver, submitted to USCC Judge PHILLIPS, Denver, written statement prepared by Attorney General, Washington, D.C., which reviews the background of the case, says the defendant is to enter a plea to one indictment charging evasion of income taxes, the government will move to dismiss the other indictment charging evasion of taxes as well as a perjury indictments because the government is unable to establish the latter offenses, and further after setting forth the amount of taxes, penalties and interest says that on 5/6/32, MITCHELL agreed to a settlement

*100 AM's Clancy
Memo to U.S. 2/10/53
w/100 of 1/29/53*

100 William 4/18

*Guantanamo 2/10/53
19-53
13*

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APPROVED AND FORWARDED: DEC 4 1954 <i>Law</i>	SPECIAL AGENT IN CHARGE
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62-98634-9	
COPIES OF THIS REPORT 3 - Bureau (62-98634) (Encs. 19) 2 - Denver (Encs. 19) 2 - Minneapolis (Encs. 2) 2 - St. Louis 2 - New York (62-11210)	FEB 1953 RECORDED 13 (AMSD) (AMSD)

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58 FEB 12 1953

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which the Bureau of Internal Revenue had made with the defendant, and that "I am not authorized to make any recommendation as to the sentence to be imposed in this case." The file indicates that the Treasury Department questioned whether the perjury indictment could be proved. The file contains a photostatic copy of a memo of MITCHELL dated 5/6/32 to YOUNGQUIST which deals largely with the question of whether the imposition of \$600,000 of fraud penalties could be pleaded by BLACKMER in the criminal prosecution as a bar to further prosecution, and the general conclusion that it could not be so pleaded. The memo further pointed out that both MITCHELL and YOUNGQUIST have been constantly opposed to any acceptance from BLACKMER of money by the Treasury as a consideration for immunity from criminal prosecution. After reviewing the material received in answer to his inquiries MITCHELL in letters to the newspaper reporter and the Attorney General stated that the statement in the Department's memo to the USA about MITCHELL'S action 5/6/32 was obviously open to an interpretation not justified by MITCHELL'S memo of 5/6/32 and that the statement was merely a careless one.

- RUC -

DETAILS: WILLIAM D. MITCHELL, former United States Attorney General in the Hoover Administration, 20 Exchange Place, was interviewed and he advised as follows:

He recalls that BLACKMER fled the United States during the Teapot Dome Oil investigation and that subsequently indictments including both misdemeanor and felony were returned against him based on an income tax investigation. Both he, MITCHELL, as Attorney General and his assistant in charge of the Tax Division G. AARON YOUNGQUIST, took the position in answer to an inquiry from the Treasury Department that no settlement of the tax liability should be made which would include dismissal of the criminal charges or that any cash settlement should be made which would in any way act as a bar to criminal prosecution.

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He recalled very clearly that while he was Attorney General DANIEL N. KIRBY a St. Louis Attorney whom he knew well came in to see him and asked if the government would consider accepting a cash settlement from BLACKMER with the provision that the government would dismiss all charges both civil and criminal against him and that MITCHELL answered that he would never consent to such an agreement as long as he was Attorney General.

MITCHELL advised that he had been approached by a newspaperman in this matter during the past two or three years and as a result had made inquiries of the Department of Justice and others in an effort to obtain the full story in so far as he as attorney General was concerned. He produced his file in this matter which was reviewed by the writer and reflects as follows:

(1) A memo addressed to Mr. MITCHELL from E. P. (MITCHELL'S secretary) dated January 12, 1950 to the effect that WILLIAM FULTON, Assistant Correspondent of the Chicago Tribune telephoned and said he is writing a story about the BLACKMER case and wants to find out if MITCHELL can tell him anything about the statement made by the prosecution at Denver, that "former Attorney General WILLIAM D. MITCHELL agreed to the government's proposed settlement with Mr. BLACKMER in 1932."

(2) Copy of a letter dated January 12, 1952 from MITCHELL to WILLIAM FULTON, Care of Chicago Tribune, New York Times Building, 229 West 43 Street, New York, New York, which acknowledges receipt of FULTON'S phone call of the same date and notes that MITCHELL is at a loss to understand on what authority the United States Attorney made such a statement. "According to my memory BLACKMER at that time had fled to Europe and there were pending against him some indictments procured by the Government for evasion of income tax. The Treasury, doubtless looking for additional revenue, had agreed with BLACKMER'S representatives to settle for cash, that is, to accept from BLACKMER a payment of a large sum of money in back taxes, penalties, etc., in consideration for which the Government would dismiss all the pending indictments. If the case had not been pending in court the Treasury Department, under the existing law, would have had power to compromise the case, but the law then provided that any such settlement would have to be approved by the Attorney General if the claims of the Government were then pending in court. Mr. G. AARON HOUNGQUIST, of Minnesota, was then Assistant Attorney General in charge of the Tax Division. He brought the matter of the proposed settlement to me. We talked the matter over and both of us were

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clearly of the opinion that the proposed settlement should not be approved, and that the indictments would not be dismissed in consideration of any payment of money, and it was agreed between us that the settlement would be disapproved." This letter goes on to state that sometime shortly after that a lawyer representing BLACKMER from St. Louis (later identified by MITCHELL as DANIEL N. KIRBY) came to MITCHELL to find out if there was any chance that the Department would approve the cash settlement supported by the Treasury Department and MITCHELL told him "that there would be no cash settlement of the indictment as long as I was Attorney General and that he could act on that basis. I cannot remember that the matter was thereafter brought before me or that it was ever reconsidered by the Department of Justice." The letter goes on to state that MITCHELL would have had no objection to settlement of the civil liability, as he recalled BLACKMER'S offer was conditioned on dismissal of the criminal charges against him and that it is MITCHELL'S recollection that he was unwilling to dismiss the indictment.

(3) Copy of a letter dated January 12, 1950 from MITCHELL to MAX BULKLEY, United States Attorney, Denver, Colorado, referring to FULTON'S inquiries and asking BULKLEY if he BULKLEY had made a statement before Judge PHILLIPS in the BLACKMER case that MITCHELL agreed to the government's proposed settlement with BLACKMER in 1932.

(4) Copy of a letter dated January 12, 1950 from MITCHELL to Honorable ORIE L. PHILLIPS, United States Circuit Judge, Denver, Colorado, enclosing copies of MITCHELL'S letters to FULTON and BULKLEY both dated January 12, 1950 as set forth above and inquires of Judge PHILLIPS whether such representations had been made to him in the instant hearing of the BLACKMER case as to the approval of the 1932 settlement by MITCHELL.

(5) Copy of a letter dated January 12, 1950 from MITCHELL to G. AARON YOUNGQUIST, 1340 Northwestern Bank Building, Minneapolis, Minnesota, enclosing copies of MITCHELL'S letters of January 12, 1950 to FULTON and BULKLEY and inquiries of YOUNGQUIST as to his recollection of what had happened when the Treasury's proposed settlement in the BLACKMER case was brought before MITCHELL and YOUNGQUIST for approval.

(6) A letter dated January 16, 1950 from BULKLEY to MITCHELL acknowledging receipt of letter of January 12, 1950 and denying that he had made a statement to the court that MITCHELL agreed to the government's proposed settlement with BLACKMER in 1932. This letter continued that BULKLEY finds in his file a statement prepared by the Attorney General which was not read in open court but was delivered by BULKLEY to Judge PHILLIPS. The letter further quotes the paragraph from the statement prepared by the

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Attorney General in which MITCHELL'S name is mentioned. In view of the fact that pertinent parts of this statement of the Attorney General is set forth later in this report the paragraph quoted in BULKLEY'S letter is not being repeated here.

(7) Copy of a letter dated January 17, 1950 from MITCHELL to Attorney General J. HOWARD McGRATH setting forth the background of the matter in question and requesting that a search be made of the Department's files to see first if there is any record to show that MITCHELL and YOUNGQUIST refused to approve any settlement that involved dismissal of criminal charges, and second whether at some later date a settlement of the claims for taxes, interest, and penalties was approved during MITCHELL'S incumbency, but without any stipulation that the criminal charges be dismissed.

(8) Letter dated January 17, 1950 to MITCHELL from G. AARON YOUNGQUIST, 1340 Northwestern Bank Building, Minneapolis, Minnesota, in which YOUNGQUIST acknowledges receipt of MITCHELL'S letter of January 12, 1950 and states that as he recalls, ARTHUR BALLANTINE or someone sent by him came in and said that because of the importance of the case and the policy of the questions involved they would like to be informed of the attitude of the Department of Justice before acting on BLACKMER'S offer to settle his civil and criminal liabilities by paying something more than \$3,000,000. Subsequently, BLACKMER'S attorney or attorneys were in for a number of conferences and asked that the Department of Justice agree to permit BLACKMER to plead nolo contendere to one of the misdemeanor counts and dismiss the other counts including the felony count. The letter continues "I told him that the policy it had followed from the time I came with the Department was to authorize compromise of criminal liabilities by the defendant's paying all taxes, interest and penalties due and pleading guilty to one major count in the indictment, that the United States Attorney would state the facts to the Court and that no recommendation with respect to punishment would be made. Because of the importance of the case, the amount involved, and the interest that the public would take in transactions between BLACKMER and the Government I consented with you. You expressed agreement with the procedure I had outlined. The thought of both of us was that the Government could much better afford to forego a million dollars than to have the public think a rich man could buy himself out of jail." Letter further states that BLACKMER'S attorneys were not willing to compromise.

(9) Letter dated January 19, 1950 to MITCHELL from Judge ORIE L. PHILLIPS, Denver, Colorado, acknowledging receipt of MITCHELL'S letter of January 12, 1950 and advising that no oral statements made in the BLACKMER hearing on September 26, 1949 contained any reference to a statement by MITCHELL, but that a written statement submitted by United States Attorney BULKLEY and

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prepared by the Department of Justice did contain a reference to MITCHELL. The letter continues that the statement might have been more explicit and further states "I think it fairly plain that the settlement which it says you approved had reference only to civil tax liabilities. Certainly, it did not warrant the construction that you had agreed to any settlement that involved the dismissal of criminal charges." In this letter the Judge states that his recollection is that the Government's reports which were presented to him at his request disclose that YOUNGQUIST refused to dismiss the criminal charges but that later "I think in 1938, the Department of Justice did make a statement that it had no objection to dismissing the perjury charges. That, of course, was for the reason that there was no possibility of establishing such charges by evidence, which was the conclusion I had reached when I granted the government's motion to dismiss the perjury charges."

The statement enclosed with the above letter is headed "Statement by Max M. Bulkley, United States Attorney, at Time of Entry of Plea by Henry M. Blackmer, (Prepared by Atty Gen. in Washington)", and in addition to giving the background of the case states as follows:

"The defendant is to enter a plea to the indictment in case number 5932 which charges that he wilfully attempted to evade and defeat his income taxes for the years 1920, 1921, 1922 and 1923. After the Court has imposed sentence on the defendant in this case, the Government contemplates asking leave of Court to dismiss the remaining indictments. The Government is dismissing the other indictment charging tax evasion because this other indictment covers the same offenses to which the defendant has pleaded in case number 5932.

"With respect to the perjury indictments, the Government is unable to establish these offenses both from an evidentiary standpoint and also from the standpoint of satisfying the technical requirements for proof of the crime of perjury. The perjury indictments were returned largely for the purpose of satisfying the requirements of the treaty with France proclaimed by the President. Of course, as the Court probably knows, the offense of income tax evasion was not extraditable under this treaty. All efforts to accomplish the extradition of the defendant were in vain and the defendant has continuously resided out of the jurisdiction from 1924 to September 21, 1949.

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"The history of this case abundantly shows that the shortcomings of the perjury indictments were clearly recognized by the Government counsel responsible for their return and by other Government counsel who succeeded them in the supervision of this case. As long as sixteen years ago Government counsel indicated a disposition to dismiss these perjury charges in the event that the defendant voluntarily returned to the United States to answer the charges on which he is now interposing a plea.

"The defendant has satisfied in full all tax deficiencies owing to the United States by the payment of \$3,671,064.95 in taxes, penalties and interest. Of this total amount, \$1,500,000 was in satisfaction of the tax and penalties for 1916, 1917 and 1919; and \$2,171,064 was in satisfaction of taxes, interest and fraud penalties for 1920, 1921, 1922 and 1923. The fraud penalties alone for these latter years were approximately \$600,000. On May 6, 1932, the then Attorney General, WILLIAM D. MITCHELL, agreed to the settlement which the Bureau of Internal Revenue had made with the defendant on account of his unpaid tax liability.

"I am not authorized to make any recommendation as to the sentence to be imposed in this case."

(10) Letter dated February 1, 1950 to MITCHELL from Acting Attorney General PEYTON FORD, acknowledging receipt of MITCHELL'S letter of February 1, 1950 and setting forth the following results of the search of the Department's files in this matter:

That the first offer in compromise was one submitted by BLACKMER'S attorneys in January 31, 1939 proposing payment of \$2,484,417.19 in full settlement of all civil and criminal liabilities and penalties for 1916 through 1923. There is no record of a formal rejection of this offer by MITCHELL or his predecessor, JOHN M. SARGENT, but in a letter dated February 4, 1929 to the Secretary of Treasury from Assistant Attorney General MABEL WALKER WILLEBRANDT the views of the Treasury Department on the offer were requested. The letter of February 1, 1950 quotes the last paragraph of the WILLEBRANDT letter as follows:

"In the event the taxpayer's offer proves satisfactory as to the amount, I should appreciate knowing whether pursuant to the statute the Secretary of the Treasury would advise and consent to a compromise of the criminal liabilities. I should further appreciate receiving an expression of your views as to considering an offer in compromise of the criminal liabilities, conditioned either (1) upon the dismissal of the perjury indictments and the tax evasion indictments, or (2) upon the dismissal of the perjury indictments and the entering of a plea of guilty to the tax evasion indictments."

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The reply of the Secretary of Treasury, also dated February 4, 1929 stated that his Department was convinced that charges of attempted tax evasion could be proved and he would be opposed to dismissal of these indictments, but with respect to the perjury indictment the Secretary of Treasury noted that his Department had previously indicated its opinion that conviction could not be obtained on these charges and would not oppose dismissal of the same. The Treasury letter of February 4, 1929 also states that the Treasury Department would have no objection to settlement of all matters on basis of dismissal of the perjury indictments and the entering of a guilty plea to the tax evasion indictments, but only in the event that a sum considerably larger in amount were offered in settlement of the civil liabilities, the nature of the punishment for the criminal liability to be determined by the Court after the plea of guilty to the tax evasion indictments.

The February 1, 1930 letter of PEYTON FORD notes that BLACKMER'S attorneys were probably advised informally that the offer of January 31, 1929 was not acceptable, and another offer was submitted in later 1929 or early 1930 proposing that BLACKMER pay \$4,000,000, remain in Europe and plea nolo contendere, through his attorneys, to the two misdemeanor charges and the Government dismiss the perjury indictments. YOUNGQUIST in a letter to A. A. BALLANTINE, Assistant Secretary of the Treasury, photostatic copy of which was enclosed with FORD'S letter to MITCHELL, said he would approve such settlement only on the following terms: The Government to dismiss the perjury indictments; and BLACKMER to pay \$4,000,000, plead guilty to the misdemeanor indictments and personally appear for imposition of sentence.

BLACKMER'S attorneys turned down this suggestion and submitted another proposal offering to pay \$3,450,000 in full compromise settlement of taxes, interest and civil penalties. A Mr. JOY (of the Treasury Department) attempted to procure an agreement from BLACKMER'S attorneys that they would be willing to stipulate either that the penalties be left out of consideration or that compromise settlement thereof would have no bearing upon the criminal case. Counsel for BLACKMER would not agree thereto, asserting that the amount offered in compromise included fraud penalties and that if BLACKMER were to pay those penalties or any part thereof he was entitled to such benefit as the law would afford.

A memo of Assistant Attorney General YOUNGQUIST dated December 22, 1921, reflects that he discussed this proposal with Assistant Secretary BALLANTINE and the latter concluded that the offer should be rejected because of the possibility that acceptance might lay a basis for a claim of immunity from prosecution by BLACKMER.

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The last proposal and the one finally accepted by the Treasury Department which provided for a total payment of \$3,671,064.95 is, according to FORD'S letter, summarized in a memorandum for YOUNGQUIST over MITCHELL'S signature dated May 6, 1932 (a photostatic copy of which is enclosed with FORD'S letter to MITCHELL). FORD'S letter also stated "I think you will be interested to know that the criminal charges against Blackmer were finally disposed of on the terms proposed by your administration, namely, that Blackmer enter pleas of guilty to the charges of attempted tax evasion and appear personally for the imposition of sentence, and that the Government dismiss the perjury indictments since, as it had long been recognized, there was insufficient proof to establish that Blackmer committed the crimes of perjury."

FORD'S letter also states that although it is not the practice in the jurisdiction where BLACKMER was sentenced for the court to ask the Government for recommendation as to sentence, the Department of Justice was prepared to recommend the jail sentence for BLACKMER had the Department's recommendation had been sought.

The memo of Attorney General MITCHELL dated May 6, 1932 and addressed to YOUNGQUIST which was enclosed to MITCHELL with the above letter of FEYTON FORD states in effect that the question is whether any action proposed to be taken administratively in the Treasury Department before the Board of Tax Appeals would in any way interfere with the prosecution of the pending criminal indictments against BLACKMER in case of his return to the United States; that there is an indictment pending against BLACKMER under the Income Tax Laws covering the years 1920 to 1923 and the question is whether the administrative imposition of \$600,000 of fraud penalties could be pleaded in the criminal prosecution as a bar to further prosecution under the double jeopardy theory.

The memo continues as follows: "You and I have been consistently and unalterably opposed from the beginning to any acceptance from Blackmer of money for the public Treasury as a consideration for immunity from criminal prosecution. No matter what sum Blackmer might be willing to pay into the public Treasury, its acceptance could not be justified if its effect is to render him immune from criminal prosecution. Considering all the circumstances of this case, I do not think the Federal Government could properly do anything which would amount to compounding a felony."

"As I understand your memorandum, the officials of the Treasury Department, including lawyers of exceptional ability, have reached the conclusion that the acceptance of the proposed sum for 1920 to 1923, which would include \$600,000 fraud penalties, will not operate to bar the prosecution of the criminal charges against Blackmer. The Treasury is also of the

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opinion that there is no legal way in which it can drop the item of fraud penalties out of its proposed order for redetermination of the tax for the years in question and it opposes relinquishing the sum of \$600,000 of fraud penalties when it is satisfied that the collection of the amount would not render Blackmer immune from prosecution under the pending indictments.

"Your view seems to be that the probabilities are that the Treasury is right and that a plea of double jeopardy would not be sustained, although you concede that the point is open to debate. I take it for granted that as soon as the proposed tax redetermination is made in the Treasury Department, Blackmer's lawyers will appear in the court in which the indictment is pending and raise the point that the payment of the fraud penalties must result in a dismissal of the indictment.

"I have not been able, of course, to study personally the statutes and decisions which bear on this question so as to form an independent judgment on the law, but since the Treasury has decided views on the subject and your division is of the opinion that the Treasury is probably sound, I agree with you that we would not be justified in insisting that the Treasury throw away \$600,000 on the possible chance that it may defeat the criminal prosecution.

"There is the further factor that if the money is not accepted Blackmer will probably remain abroad indefinitely and we never will be able to bring him to trial.

"Under the conditions, therefore, I approve of your conclusions in the matter and suggest that you advise the Treasury Department accordingly."

(11) Copy of a letter dated February 3, 1950 from MITCHELL to WILLIAM FULTON, Care of Chicago Tribune Bureau, 229 West 43 Street, New York, New York, in which MITCHELL states he had obtained from the United States Attorney, Denver, the Attorney General at Washington, and YOUNGQUIST, who was Assistant Attorney General in 1931 to 1933, the information to supplement his letter of January 12, 1950. MITCHELL reviewed the information he has received from these individuals and states:

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"The statement in the Department's recent memorandum to the United States Attorney about my action May 6, 1932, was obviously open to an interpretation not justified by my memorandum of May 6, 1932, to Mr. Youngquist. If the Department's memorandum had said that its recent action in requiring Blackmer to appear in court to plead guilty to a felony indictment and take whatever sentence the court deemed proper to impose was the same course of action I had recommended in 1932, it would have been accurate. I really think that was what the Justice Department intended to say and that the statement it did make about me to the Denver court was merely a careless one."

(12) Copy of a letter dated February 3, 1950, from MITCHELL to Attorney General J. HOWARD McGRATH, in which he acknowledges receipt of the Attorney General's letter of February 3, 1950, makes mention of his memorandum to YOUNGQUIST dated May 6, 1932 and states in part: "I think the statement made about me in the Department's memorandum to Mr. Bulkeley, the United States Attorney in Denver, was open to an interpretation not supported by my memorandum of May 6, 1932. However, the only criticism I have to make of the statement that went to Mr. BULKELEY is that it was rather loosely worded and subject to misunderstanding." In this letter MITCHELL also quotes the paragraph quoted above from his letter of February 3, 1950 to FULTON.

(13) Copies of letters dated February 3, 1950, from MITCHELL to United States Attorney BULKLEY, Denver, Colorado, and to ORIE L. PHILLIPS, United States Circuit Judge, Denver, Colorado, enclosing copies of MITCHELL'S memorandum of May 6, 1932 to YOUNGQUIST and copies of his letter of February 3, 1950, to FULTON.

(14) Letter to MITCHELL dated February 13, 1950 from Judge Phillips in which he acknowledges MITCHELL'S letter of February 3, 1950 and states "I agree with you that the Department had little basis for the statement that you approved the settlement of civil liability."

(15) Letter dated February 13, 1950, to MITCHELL from WILLIAM FULTON, Chicago Tribune New York Bureau, 229 West 43 Street, New York 18, New York, in which FULTON acknowledges MITCHELL'S letter of February 13, 1950 and states "In view of the facts set forth by you and confirmed in a letter from the prosecutor, I am not now planning to write a story about this phase of the Blackmer case."

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ENCLOSURES TO BUREAU: (19)

ENCLOSURES TO DENVER: (19)

One photostatic copy each of the following:

Copy of a letter of WILLIAM D. MITCHELL to WILLIAM FULTON, 1/12/50.

Copy of a letter from WILLIAM D. MITCHELL to MAX BULKLEY, 1/12/50.

Copy of a letter from WILLIAM D. MITCHELL to Honorable ORIE L. PHILLIPS, 1/12/50.

Copy of a letter from WILLIAM D. MITCHELL to Honorable G. AARON YOUNGQUIST, 1/12/50.

Letter from MAX M. BAULKLEY to WILLIAM D. MITCHELL, 1/16/50.

Copy of letter from WILLIAM D. MITCHELL to Honorable J. HOWARD McGRATH, 1/17/50.

A letter signed AARON addressed to WILLIAM D. MITCHELL on the letterhead of YOUNGQUIST, FERBER, TANEY, and JOHNSON, 1/17/50.

Letter from ORIE L. PHILLIPS to WILLIAM D. MITCHELL, 1/19/50 together with enclosures entitled: Statement by MAX M. BULKLEY, United States Attorney at time of entry of plea by HENRY M. BLACKMER (Prepared by the Attorney General in Washington, D.C.)

Letter, 2/1/50, from Acting Attorney General PEYTON FORD to WILLIAM D. MITCHELL together with a copy of a letter from Assistant Attorney General to Honorable ARTHUR A. BALLANTINE, Assistant Secretary of Treasury, 10/23/31.

Copy of memorandum for Mr. YOUNGQUIST from Attorney General WILLIAM D. MITCHELL, 5/6/32.

Copy of letter of WILLIAM D. MITCHELL to Honorable MACK M. BUCKLEY, 2/3/52.

Copy of a letter of WILLIAM D. MITCHELL to WILLIAM FULTON, 2/3/50.

Copy of a letter from WILLIAM D. MITCHELL to Honorable J. HOWARD McGRATH, 2/3/50.

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Copy of a letter from WILLIAM D. MITCHELL to Honorable ORIE L. PHILLIPS, 2/3/50.

Copy of a letter from WILLIAM D. MITCHELL to Honorable G. AARON YOUNGQUIST, 2/3/50.

Letter from ORIE L. PHILLIPS to WILLIAM D. MITCHELL, 2/13/50.

Letter from WILLIAM FULTON to WILLIAM D. MITCHELL, 2/13/50.

ENCLOSURES TO MINNEAPOLIS: (2)

Photostatic copy of Bureau letter to Denver, 1/19/53, together with memorandum, 1/12/53, from Assistant Attorney General CHARLES B. MURRAY.

An undated communication furnished to the Bureau by another Government Agency which was prepared by an unauthorized Denver, Colorado newspaper reporter.

- RUC -

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ADMINISTRATIVE PAGE

MISCELLANEOUS:

Enclosed copy to Minneapolis of a Bureau memorandum dated January 10, 1952 to Denver setting forth the background for instant investigation and states that all reports must reach the Bureau by February 2, 1953.

LEADS:

MINNEAPOLIS

At Minneapolis, Minnesota.

Will interview G. AARON YOUNGQUIST, former Assistant Attorney General in charge of the Tax Division in 1931 to 1933, 1340 Northwestern Bank Building, Minneapolis, for any information he may be able to furnish regarding this matter.

ST. LOUIS

At St. Louis, Missouri.

Will attempt to locate and interview DANIEL N. KIRBY, Attorney, St. Louis, regarding his recollection on instant matter and particularly his visit to WILLIAM D. MITCHELL while the latter was Attorney General as set forth in instant report.

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI (62-98634)

DATE: 1/30/53

FROM : SAC, DENVER (58-35)

SUBJECT: UNKNOWN SUBJECTS;
ALLEGED IRREGULARITIES IN
CONNECTION WITH THE INCOME
TAX CASE OF UNITED STATES VS
HENRY M. BLACKMER (UNITED
STATES DISTRICT COURT,
DENVER, COLORADO)
MISCONDUCT IN OFFICE, BRIBERY

*W. Nichols
last p page 2*

Attached hereto is the report of SA FRED G. McGEARY, Denver, Colorado, dated 1/30/53, in the above captioned case. Being transmitted herewith are four enclosures properly identified in the report. Additionally, there is enclosed Exhibit #5, which is a photostatic copy of a letter purportedly written by Judge ORIE L. PHILLIPS to CHARLES MOYNIHAN, an attorney at Montrose, Colorado, under date of March 24, 1952. This letter was obtained in strict confidence from [redacted]

b7D

[redacted] and should under no circumstances be disseminated outside of the Bureau.

The Bureau is requested to make the necessary reproductions of the exhibits numbered 1 to 4 inclusive for the Department and the Bureau's own requirements, with one copy of these exhibits being forwarded to the Denver Office as office of origin. It is not believed necessary to reproduce these exhibits for any auxiliary offices at this time. Due to the limited time for completion and reporting of this investigation, the facilities of the Denver Office were not adequate to reproduce the required number of copies of these documents.

The Bureau's attention is directed to Exhibit #5, which reflects that a friend of CHARLES MOYNIHAN, Montrose, Colorado, apparently had questioned the manner in which this case was handled. No effort will be made to interview Mr. MOYNIHAN UACB for the reason that to satis-

FGM:mmp
Enclosures (6)

RECORDED - 1

FEB 2 1953

FEB 11

DN 58-35

factorily do so would possibly reveal the Bureau's source of the information reflected in Exhibit #5. Also, it does not appear that any substantial information of value might be gained from such interview.

The information from the files of the New York Times reflecting the political history of JOSEPH KEENAN as mentioned in the attached report will be made available in the future by Mr. ROBERT H. HANSEN of the Denver Post if it is believed desirable by the Bureau.

Former U. S. Congressman JOHN A. CARROLL has not been interviewed for the reason that authority to do so was not received from the Bureau until the late afternoon of January 29, 1952, and Mr. CARROLL could not be reached today. He will be interviewed as early as possible.

[redacted] and Mr. JACK FOSTER, editor of Rocky Mountain News, have been very cooperative in providing all available material in their newspaper files concerning this case. In view of the fact that neither the [redacted] or the Rocky Mountain News have published the fact that this investigation has been instituted, they have been advised that efforts will be made by the Denver Office to make a simultaneous news release to them in the event the Bureau makes a news release to the Wire Service in Washington. It is requested that the Bureau give consideration to this arrangement.

b7D

fa

9

Mr. Tolson	_____
Mr. Ladd	_____
Mr. Nichols	_____
Mr. Belmont	_____
Mr. Clegg	_____
Mr. Glavin	_____
Mr. Harbo	_____
Mr. Rosen	<i>Reagan</i>
Mr. Tracy	_____
Mr. Gearty	_____
Mr. Mohr	_____
Mr. Winterrowd	_____
Tele. Room	_____
Mr. Holloman	_____
Miss Gandy	_____

24-10-10

AIR TEL

2-2-53

G.I.R.-6

FBI WASH FIELD

DIRECTOR

mf
gd

UNSUBS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX OF U. S. VS HENRY M. BLACKMER (U.S. DISTRICT COURT, DENVER, COLO.) MISCONDUCT IN OFFICE, BRIBERY. REBULET TO DENVER, JAN NINETEEN LAST. WFO REPORT NOW BEING PROCESSED IN BUREAU MECHANICAL SECTION. . WILL BE READY AT TEN AM FEB. THREE AND IMMEDIATELY FURNISHED BUREAU.

HOOD

WBF:RA

62-7249

RBH
hm

RECEIVED - 10-10-10
FEB 3 3 10 PM '53

FEB 3 1 28 PM '53

RECEIVED

RECORDED - 59

62-98634-11

13 FEB. 4. 1953

68 FEB 12 1953

6-10-10

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (62-98634)
 Attention: Assistant Director
 Al Rosen

DATE: February 4, 1953

FROM : SAC, Denver (58-35)

SUBJECT: UNKNOWN SUBJECTS;
 Alleged Irregularities in
 Connection with the Income Tax Case
 of United States vs. HENRY M. BLACKMER
 (United States District Court, Denver,
 Colorado
 MISCONDUCT IN OFFICE;
 BRIBERY

Attached herewith are the original and four copies of the
 report of SA FRED G. McGEARY dated at Denver February 3,
 1953.

~~EXPEDITE PROCESSING~~

JBP:hg
 Att. (5)
 Air Mail
 Special Delivery

RECORDED - 82

EX-113

FEB 5 1953

5 - handled separately
 [initials]

79 FEB 11 1953

Mr. Tolson	_____
Mr. Ladd	_____
Mr. Nichols	_____
Mr. Belmont	_____
Mr. Clegg	_____
Mr. Glavin	_____
Mr. Tracy	_____
Mr. Gandy	_____
Mr. Mohr	_____
Mr. Winterrowd	_____
Tele. Room	_____
Mr. Holloman	_____
Mr. Sizoo	_____
Miss Gandy	_____

Rosen
 [initials]
 6-10-53

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Rosen *Rosen*

FROM : C. J. Sorensen

DATE: February 1, 1953

SUBJECT: UNKNOWN SUBJECT
 Alleged irregularities in
 connection with income tax case of
 United States vs. Henry M. Blackmer
 MISCONDUCT IN OFFICE; BRIBERY

Tolson _____
 Ladd _____
 Nichols _____
 Belmont _____
 Clegg _____
 Glavin _____
 Harbo _____
 Rosen _____
 Tracy _____
 Laughlin _____
 Mohr _____
 Winterrowd _____
 Tele. Rm. _____
 Holloman _____
 Gandy _____

G.I.R. 3 E. C. Williams

At approximately 1:30 p.m. on February 1, 1953, ASAC C. B. Howard, Minneapolis, telephonically advised that the Minneapolis Office had received last night the report of SA William A. Halpin dated January 29, 1953, at New York, setting forth a lead for Minneapolis to interview G. Aaron Youngquist, former Assistant Attorney General, Tax Division, 1931 - 1933. *EE 1*

Mr. Howard said that it was determined today that Mr. Youngquist is presently in Washington, D. C., and intends to be in Washington during the coming week. He said that Mr. Youngquist's wife had given the above information and that her husband is staying at the Mayflower Hotel, but that if it is necessary to contact him today and he is not located at the Mayflower Hotel, it is possible that he has gone to Morristown, New Jersey, to visit his son, but in any event, he will be in Washington on Monday, February 2.

ASAC Howard explained that it would be difficult and not feasible to summarize the background of this case in a teletype for Washington Field. He felt that in order to give Washington Field the full benefit of the information on this case, that it would be preferable if the Bureau would make a copy of the report available to Washington Field. He said the entire purpose of this call was to have Mr. Youngquist interviewed today if the Bureau deemed it necessary in order to meet the Bureau deadline. *C*

The above was called to the attention of Supervisor E. C. Williams in the Accounting and Fraud Section, and he advised that Agent Halpin's report will be made available ^{Monday} to the Washington Field Office to conduct the necessary interview if that report has been received in the Bureau.

ACTION:

RECORDED - 75

FEB 4 1953

It is suggested that this memorandum be forwarded to Mr. L. R. Pennington for handling.

CJS:sal

1/2 11 AM Walker advised ASAC that he at 10:45 PM had called to see SA [unclear] perhaps report

6-8-53

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Transmit the following Teletype message to: AIR TEL

FBI, MINNEAPOLIS

2-1-53

1:30 PM

CBH:rer

DIRECTOR, FBI

URGENT

UNKNOWN SUBJECTS, ALLEGED IRREGULARITIES IN CONNECTION WITH
THE INCOME TAX CASE OF U.S. VS. HENRY M. BLACKMER (UNITED
STATES DISTRICT COURT, DENVER, COLORADO). REREPT SA WILLIAM
A. HALPIN, JAN. TWENTYNINE LAST AT NEW YORK. WHEREIN LEAD
SET FORTH TO INTERVIEW G. AARON YOUNGQUIST FORMER ASSISTANT
ATTORNEY GENERAL IN CHARGE TAX DIVISION, NORTHWEST BANK BLDG.
MINNEAPOLIS FOR ANY INFORMATION HE MIGHT BE ABLE TO FURNISH
RE CAPTION ~~RE~~ MATTER. IT WAS DETERMINED THIS DATE FROM MRS.
YOUNGQUIST THAT MR. YOUNGQUIST PRESENTLY IN WASH. D.C.
STAYING AT MAYFLOWER HOTEL WASH. D.C., WHERE WOULD BE FOR
AT LEAST ONE WEEK ON BUSINESS. MR. YOUNGQUIST WAS SAID TO
HAVE BEEN CONSIDERING A VISIT WITH HIS SON ROBERTSON YOUNGQUIST

Ministown
NEW JERSEY OVER WEEK END BUT IF MADE SUCH TRIP WOULD BE
BACK IN WASH ON MORNING OF FEB. SECOND NEXT. BUREAU TELEPHONICALLY
ADVISED THIS DATE OF ABOVE INFORMATION WITH REQUEST THAT WFO
BE FURNISHED COPY OF RE REPORT IF INTERVIEWED TO BE ATTEMPTED
TODAY. COPY OF RE REPORT ATTACHED FOR INFO WFO WHICH IF
NOT ALREADY DONE SHOULD LOCATE AND INTERVIEW YOUNGQUIST
IMMEDIATELY. BUDED FEB. SECOND. RUC.

2cc WFO (ENC) (AMSD)

BANISTER

1cc DN (REG. MAIL)

Approved: *B. G.*

Special Agent in Charge

Sent _____ M

Per _____

RECORDED - 75

13

FEB

1953

98634-14

6-850

SAC, Denver (58-35)

February 4, 1953

Director, FBI (62-98634)

UNSUBS; Alleged Irregularities in
Connection with the Income Tax Case of
United States vs. HENRY M. BLACKMER, United States
District Court, Denver, Colorado;
MISCONDUCT IN OFFICE; BRIBERY

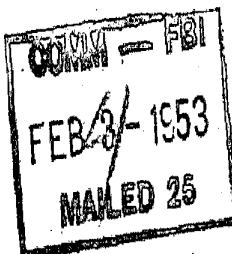
Reurlet January 30, 1953.

There are attached Photostats of exhibits 1 through 4
which were enclosed with the report of SA Fred G. McGeary dated
January 30, 1953, at Denver. These are furnished pursuant to
your request and for the completion of the records in your office.

Attachment

Tolson _____
Ladd _____
Nichols _____
Belmont _____
Clegg _____
Glavin _____
Harbo _____
Rosen _____
Tracy _____
Laughlin _____
Mohr _____
Tele. Rm. _____
Holloman _____

ECW:dwl *dwz*



RECORDED - 18

62-98634-15
FEB 6 1953
137

FEB 13

Federal Bureau of Investigation (FBI) File No. 62-98634 --- Section 2
Henry M. Blackmer, fugitive

Josephine Baker Shuns Peru Bid That Would Gag Protest on Bias

Josephine Baker, the internationally famous Negro singer-comedienne, rejected a \$10,000 offer for one week's engagement in Lima, Peru, when Peruvian officials requested her not to mention racial discrimination, the Baltimore Afro-American reported yesterday.

Miss Baker who was born in St. Louis, Mo., and is now a citizen of France became the center of an hemispheric controversy when she attacked U. S. racism during her stay in Argentina. The popular artist had been equally outspoken against jimcrow when in this country, having been attacked by Walter Winchell for protesting an insult against her by the Stork Club.

In explaining her reasons for refusing the Lima engagement, Miss Baker declared:

"The reason for my life is the struggle for peoples—black, yellow and red—who comprise three-fourths of the earth's population and who are ignored and humiliated by the white minority."

Winchell, who has led the white supremacy pack against Miss Baker since the Stork Club jimcrow incident, wrote in his Daily Mirror column yesterday: "Josephine Baker has been barred in Peru and Chile because she in-

sisted she had a right to attack the U. S. . . ." But Segundo Boy, the Peruvian clubman with whom the Negro artist had the \$10,000 contract, said: "She (Miss Baker) refused to perform" after being informed she could not mention the existence of jimcrow in the U. S. Peruvian internal affairs long have been notoriously influenced and dominated by the U. S. State Department.

This is a clipping from
Page 8 of the
Daily Worker

Date 1-8-53
Clipped at the Seat of
Government.

67 JAN 26 1953

FIVE

Mr. Tolson ☒
 Mr. Ladd ☒
 Mr. Nichols ☒
 Mr. Belmont ☒
 Mr. Clegg ☒
 Mr. Glavin ☒
 Mr. Harbo ☒
 Mr. Rosen ☒
 Mr. Tracy ☒
 Mr. Laughlin ☒
 Mr. Mohr ☒
 Mr. Winterrowd ☒
 Tele. Room ☒
 Mr. Holloman ☒
 Miss Gandy ☒

Baughman
W. B. ...
W. B. ...

SANTIAGO, CHILE--ENTERTAINER JOSEPHINE BAKER SAID TODAY SHE HAD REJECTED A \$10,000 OFFER TO APPEAR IN LIMA, PERU, BECAUSE SHE WAS ASKED NOT TO SPEAK ABOUT RACIAL DISCRIMINATION WHILE THERE.

"THE REASON FOR MY LIFE IS THE STRUGGLE FOR COLORED PEOPLES--- NEGRO, YELLOW AND RED--WHO COMPRISE THREE-FOURTHS THE EARTH'S POPULATION AND WHO ARE IGNORED AND HUMILIATED BY THE WHITE MINORITY," MISS BAKER SAID IN EXPLAINING HER REJECTION.

"MY STRUGGLE IS NOT ONE OF HATRED," SHE ADDED. "I DO NOT SEEK TO RAISE BARRIERS BETWEEN WHITE AND COLORED PEOPLES BUT RATHER TO LOWER EXISTING BARRIERS FOR THEIR FRIENDLIER AND BETTER CO-EXISTENCE."

(IN LIMA, PERU, IMPRESARIO SEGUNDO BOY SAID MISS BAKER WAS SCHEDULED TO BEGIN AN ENGAGEMENT AT THE EMBASSY NIGHT CLUB TOMORROW BESIDES THEATER AND RADIO PERFORMANCES, BUT DID NOT ARRIVE LAST NIGHT AS SCHEDULED.

("SHE REFUSED TO PERFORM MERELY AS AN ARTIST AND SOUGHT TO ABUSE OUR STAGE AND RADIO FACILITIES FOR POLITICAL--RACIAL PROPAGANDA DIRECTED OSTENSIBLE AGAINST A COUNTRY WHICH TRADITIONALLY MAINTAINS GOOD RELATIONS WITH OURS," BOY SAID.)

12/30--W0724P

67 JAN 26 1950

162-95834-1A
 98 JAN 14 1950

(1-10-49)

FEDERAL BUREAU OF INVESTIGATION

FORM NO. 1

THIS CASE ORIGINATED AT **DENVER**

FILE NO.

REPORT MADE AT WASHINGTON, D. C.	DATE WHEN MADE FEB 3 1953	PERIOD FOR WHICH MADE 1/26-30; 2/1, 2/53	REPORT MADE BY WILLIAM E. FENTIMORE
TITLE UNSUBS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF UNITED STATES vs. HENRY M. BLACKMER (UNITED STATES DISTRICT COURT, DENVER, COLORADO)			CHARACTER OF CASE MISCONDUCT IN OFFICE BRIBERY

SYNOPSIS OF FACTS: Files of Department of Justice regarding HENRY M. BLACKMER reviewed and result set forth. Allegedly fled to France in 1924 to avoid testifying before Senate Committee investigating circumstances surrounding the leasing of Teapot Dome oil reserves. Indicted 6/15/28 at Denver, Colorado on six charges; 4 charge perjury in connection with income tax returns of 1920 and 1921, other 2 charge evasion of taxes for years, 1920, 1921, 1922 and 1923. Only 3 cases actually involved since three indictments are duplicates and cover same acts charged in other three. Extradition attempt unsuccessful. Indisputable proof submitted by Defense attorneys in October, 1928, showing BLACKMER not guilty of perjury charged. Civil tax liability settled in 1938. GEORGE E. HOLMES, KARL C. SCHUYLER and EUGENE D. MILLIKIN active on behalf of BLACKMER. Col: JOSEPH HARTFIELD, of New York law firm of White & Case, unsuccessfully attempted to secure passport for BLACKMER in 1948. On 8/4/49 Defense attorney advises USA, Denver, that BLACKMER willing to return to U.S. and personally plead nolo contendere or guilty to tax evasion charges provided perjury charges dismissed. Offer accepted upon guilty plea. Action approved by Asst. to the Attorney General PEYTON FORD and Asst. A.G.'s ALEXANDER CAMPBELL and T. LAMAR CAUDLE. On 11/2/49 BLACKMER fined \$5,000. each on 4 counts by Judge ORIE L. PHILLIPS. Passport and Foreign Funds Control records reviewed. Available Department of Justice officials interviewed regarding alleged "deal".

*1 cc AAS. Olney
V. 4.5B - memo
FEB*


1 cc Williams 4/18

42, 49, 44, 49

*42-1-2
44, 49*

7W

- P -

APPROVED AND FORWARDED: 	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES 62-98634-16 SE 24 6 FEB 16 1953 RECORDED-39 INDEXED-39
COPIES OF THIS REPORT ③ - Bureau (62-98634) 2 - Charlotte 2 - Cincinnati 2 - Denver 2 - Indianapolis 1 - New York 1 - St. Louis (Info.) 2 - Washington Field (62-7249)		COPIES DESTROYED 68 DEC 4 1964

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53 FEB 18 1953

WFO 62-7249

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WFO 62-7249

DETAILS: AT WASHINGTON, D. C.

REVIEW OF DEPARTMENT OF JUSTICE FILES

When requested to make available all Department of Justice files relating to HENRY M. BLACKMER, ARMANDO DI GIROLAMO, Records Administration Officer, furnished the following four files:

51-13-20
60-57-47
226016
5-13-14

51-13-20

An examination of Departmental file 51-13-20 discloses it is the file in which the results of the current investigation are being placed.

60-57-47

Departmental file 60-57-47 relates to a Department of Justice investigation into the circumstances surrounding the negotiation and execution of a contract dated December 20, 1922, between the United States and the Sinclair Crude Oil Purchasing Company covering the sale of royalty oil issuing from the Salt Creek Field in Wyoming. This five year contract, which was entered into by the then Secretary of Interior, ALBERT B. FALL, *Wyoming*, carried a provision authorizing the Secretary to renew the lease at the end of the contract period. The lease was renewed. In October, 1928, attention was called to the fact that the renewal was without authorization of law. The delivery of oil stopped. After competitive bidding, a new lease was awarded another company. On December 29, 1928, the Department commenced suit against the Sinclair Crude Oil Purchasing Company and the Mammoth Oil Company alleging that as a result of an illegal conspiracy, they, together with FALL, HARRY F. SINCLAIR and the Sinclair Pipe Line Company, obtained the original lease and the renewal thereof by bribery, fraud, and corruption. The litigation was settled on April 7, 1930, with the Sinclair Crude Oil Purchasing Company paying the Federal Government \$3,281,565.39. \$2,906,484.32 of this represented settlement for oil taken out of the Teapot Dome by the Mammoth Oil Company which had gone into bankruptcy and had been taken over by the Sinclair Crude Oil Purchasing Company. *D.C.*

HENRY M. BLACKMER was Board Chairman of the Midwest Refining Company which owned a pipeline running from the Salt Creek Field to its refineries at Casper, Wyoming. However, nothing concerning BLACKMER which appeared pertinent to instant investigation was noted in a review of this Departmental file.

226016

Departmental file 226016 pertains to the administrative handling within the Department of the so-called SINCLAIR - FALL cases.

In the Supreme Court of the District of Columbia on March 16, 1927, HARRY F. SINCLAIR was found guilty of Contempt of the Senate based upon his refusal to answer questions in the Teapot Dome investigation. On May 20, 1927, sentence was pronounced as three months in jail and payment of a \$500 fine. The conviction and sentence was confirmed upon appeal and SINCLAIR was committed to jail on May 6, 1929. SINCLAIR was also adjudged in Contempt of Court on February 21, 1928, for having attempted to influence the action of the jury in the first FALL - SINCLAIR trial by employing detectives to shadow the jury. On the same day, February 21, a six months jail sentence was imposed upon him. This sentence was affirmed on June 22, 1929. SINCLAIR was confined for the period, June 22 - November 27, 1929.

ALBERT B. FALL, the former Secretary of ^{D.C.} Interior, was convicted in the Supreme Court of the District of Columbia on October 25, 1929, for accepting a \$100,000 bribe from EDWARD L. DOHENY. On November 1, 1929, he was sentenced to pay a fine of \$100,000 and be imprisoned for one year. Upon appeal, the judgment was affirmed. According to the Departmental file, the fine has never been paid.

As reflected in this Departmental file, Senator WALSH of Montana stated to the Senate on February 16, 1932:

"....., it will be recalled that certain witnesses, much desired in the litigation growing out of the leasing of the naval oil reserves, found it convenient to go over to France, where they escaped the service of a subpoena. That induced the Congress of the United States to enact a law providing for the service of subpoenas upon such witnesses in a foreign country and for proceedings against them in contempt in case they should refuse to obey the subpoena."

ATLEE POMERENE of the law firm of SQUIRE, SANDERS, and DEMPSEY, Union Trust Building, Cleveland, Ohio, who had been appointed Special Counsel for the Government to handle the SINCLAIR and FALL cases, wrote Attorney General WILLIAM D. MITCHELL under date of November 4, 1931:

"You will perhaps remember that under the Walsh Act applications were made for the issuance of subpoenas, directed to the American Consul in France, to be served upon HARRY M. BLACKMER for his appearance in the trial of United States vs FALL and SINCLAIR for conspiracy. He failed to respond

to the subpoenas. Contempt proceedings were begun under the Walsh Act and United States bonds in the amount of \$100,000 were seized and are now held by the United States Marshal, out of which is to be paid any fine, including costs, which may be assessed against BLACKMER.

"The United States Supreme Court of the District found BLACKMER guilty and sentenced him to pay a fine of \$30,000 in each of two cases....."

The lead paragraphs of a news item appearing in the "Washington Post" edition of September 9, 1929, reads:

"Contending that even if he had answered subpoenas to appear as a witness in the trials of HARRY F. SINCLAIR and ALBERT B. FALL his testimony would have been inadmissible and of no value, HARRY M. BLACKMER, oil magnate, who fled to Paris when the Teapot Dome scandal broke, yesterday asked the District Supreme Court to dismiss two citations for contempt and to return \$100,000 in Liberty bonds seized by order of the Court.

"BLACKMER, through his attorney, GEORGE GORDON BATTLE, tells the court that he has been domiciled in Paris, France since 1927, and is without jurisdiction of the District of Columbia Court....."

Located in this Departmental file and of possible future interest is the original of a letter dated July 31, 1942, signed by HAROLD L. ICKES, Secretary of the Interior, and directed to Attorney General FRANCIS BIDDLE reading:

"My dear Mr. Attorney General:

"This is in further reply to Assistant Attorney General SHEA's letter dated June 29, concerning possible claims by the United States against assets of HENRY M. BLACKMER in various New York banks.

"You are advised that a search has been made of the records of this Department with the result that nothing has been discovered which would serve as a basis for a civil claim by the United States against the funds of HENRY M. BLACKMER.

"Sincerely yours,"

Nothing of further pertinence concerning BLACKMER was noted in the file review.

5-13-14

Departmental file 5-13-14 appears to be the principal file relating to HENRY M. BLACKMER. An undated, unsigned memorandum, apparently prepared for general public release, generally sets forth the history of the matter. It reads:

"M E M O R A N D U M

"In re: United States v. Henry M. Blackmer
Denver, Colorado

"HENRY M. BLACKMER was indicted on June 15, 1928, in the District of Colorado, on several charges of perjury and attempted evasion of his income taxes.

"Two indictments charged BLACKMER with attempted evasion of his income taxes for the years 1920, 1921, 1922, and 1923. Each of these indictments covered the same offenses. At the time the indictments were returned attempted tax evasion was a misdemeanor.

"The perjury charges grew out of BLACKMER's execution of his income tax returns for the years 1920 and 1921.

"The Government asked the court's permission to dismiss the perjury charges, upon BLACKMER's plea of guilty and sentence upon the tax evasion charges, because there was insufficient proof to establish that BLACKMER committed the crimes of perjury. To sustain the perjury charges it would have been necessary to show that BLACKMER falsely executed the jurats or acknowledgments to his 1920 and 1921 tax returns before a notary public. The Government did not and does not possess such evidence. In fact, there exists convincing documentary evidence that on the dates the perjury indictments alleged that BLACKMER appeared before the notary public in Denver, Colorado, he was not in Denver but was in far distant cities.

"The history of this case abundantly shows that the shortcomings of the perjury indictments were clearly recognized by the Government counsel responsible for their return and and by other Government counsel who succeeded them in the

supervision of this case. As long as sixteen years ago, Government counsel expressed a willingness to dismiss the perjury charges in the event BLACKMER voluntarily returned to the United States to answer the tax evasion charges.

"Before Judge PHILLIPS ruled on the Government's motions to dismiss the perjury indictments, he reviewed the files of the United States Attorney and the investigative reports of the Bureau of Internal Revenue. At the close of his remarks, made in the course of ruling on the motions to dismiss, Judge PHILLIPS stated: "Accordingly, it is my conclusion that the Government could not establish the perjury charges by evidence, that a trial on the perjury charges would be a vain and useless effort, and that the motions to dismiss are well advised."

"The perjury indictments were returned largely for the purpose of laying a basis for the extradition of BLACKMER from France, since under the treaty with France the offense of income tax evasion was not extraditable. All efforts to accomplish the extradition of BLACKMER under the perjury charges were in vain.

"The perjury and income tax charges were separate and distinct from the contempt proceedings instituted against BLACKMER for his refusal to testify in connection with the investigation by the United States into the circumstances surrounding the leasing of the Teapot Dome oil reserve. BLACKMER's conviction on this latter charge resulted in the imposition of fines totaling \$60,000 and the conviction was sustained by the Supreme Court of the United States.

"A transcript of the remarks made by Judge PHILLIPS at the time of imposition of sentence shows that Judge PHILLIPS had before him qualified independent medical advice to the effect that imprisonment of BLACKMER would be "fraught with serious consequences" and might cause his death."

A review of the Departmental file discloses HENRY M. BLACKMER was involved in the so-called Teapot Dome oil lease cases. He was brought into prominence during the Senate investigation and resisted efforts to secure his testimony. He disregarded subpoenas to appear and

testify in two of the SINCLAIR-FALL cases and was fined \$30,000 for contempt in each of the two instances. After HARRY SINCLAIR was charged with contempt of court for failure to answer questions before the United States Senate, BLACKMER left the United States for France. This was in 1924. On June 15, 1928, he was indicted in the United States District Court of Colorado on perjury and tax evasion charges. The evasion charges covered the years 1920 to 1923, inclusive; the perjury indictment involved alleged false statements under oath in his income tax returns of 1920 and 1921. The Revenue Acts of 1918 and 1921 defined the evasion charges as misdemeanors. As to the perjury charges, it appeared shortly after they were returned by the Grand Jury that they could not be successfully prosecuted for BLACKMER's counsel submitted indisputable proof BLACKMER was not in the State of Colorado on the dates alleged in the perjury indictments.

By letter dated October 19, 1928, GEORGE STEPHAN, the United States Attorney at Denver, Colorado, who had secured the original indictments in June, 1928, informed the Attorney General:

"A few days ago I learned from what seems to be a reliable source that BLACKMER's attorneys have traced his movements, and that they will be able to show that at the time of the alleged perjuries he was not in the state of Colorado and had not been here for some days, and that it would, therefore, be impossible for him to have acknowledged his income returns as shown by the notary acknowledgement. Mr. LEPPER heretofore informed me that he had traced BLACKMER's movements during one of the periods referred to, and that he was not in Denver at the time.

"If BLACKMER was not in Denver when the Notary Public filled up and dated the verification of the income tax return, we would seem to have a very weak case.....

"From news dispatches, etc., I have arrived at the conclusion that the French Government is very anxious to protect BLACKMER if they can consistently do so, as he is evidently spending his money in Paris, for which reason they will be very glad to have him remain there.

"We, of course, still have the indictments on account of the false returns, even though perjury indictments may fail. The indictments for false return not coming within the class of cases which would entitle us to ask France to surrender him, they are nevertheless indictments which either compel him to stay abroad as an unwilling exile, or will force him to stand trial if he returns voluntarily."

In a letter dated October 22, 1928, directed to the Attorney General, A. W. MELLON, Secretary of the Treasury, writes:

"I transmit herewith for your file the volume of evidence presented by the attorneys for HENRY M. BLACKMER which they claim establishes the fact that Mr. BLACKMER could not have been in the city of Denver upon either of the dates alleged in the pending indictments for perjury.

".....assuming that the remaining exhibits are true copies of the originals, this Department is satisfied that Mr. BLACKMER can prove conclusively that he was not in Denver on the dates in question or for a considerable period before and after..... Under these circumstances, as previously stated by Assistant Secretary BOND to Assistant Attorney General MARSHALL, it is the opinion of this Department that should extradition be granted we would be unable to secure a conviction on the pending indictments, and....."

The French Government declined to extradite BLACKMER holding the offense of perjury was not included within the extradition treaty with the United States. No attempt was made to extradite BLACKMER on the evasion indictments because they were clearly not covered by the extradition treaty.

STEPHAN directed the following letter to Assistant Attorney General MABEL WALKER WILLEBRANDT in Washington, D. C., under date of February 27, 1929:

"My dear Mrs. Willebrandt:

"U. S. v. HENRY M. BLACKMER.

"I beg to acknowledge receipt of your letter, dated February 9, 1929, postmarked at Washington February 21, 4:30 P.M., delivered here by Special Delivery February 24, which I answered by wire reading (when decoded) as follows:

" 'REFERRING TO YOUR LETTER DATED FEBRUARY NINTH MAILED WASHINGTON FEBRUARY TWENTYFIRST AS FRANCE REFUSED EXTRADITION I SEE NO OBJECTION TO DISMISSING INDICTMENTS AGAINST BLACKMER PROVIDED SUFFICIENTLY ADVANTAGEOUS SETTLEMENT CAN BE OBTAINED IN TAX CASE.'

"I have felt that the handling of this case was largely a matter of policy to be determined by the administration. I have heretofore expressed the opinion that there would be very little probability of conviction on the perjury indictments for the reason that it has been clearly shown that BLACKMER was not in Colorado on the dates shown in the income tax returns.

"As to the indictments charging false returns, I refer to my letter under date of October 19, 1928, in which I said:

" 'So far as my files are concerned, we do not seem to have all the evidence that we should have to go to trial. No complete investigation seems to have been made of the Pforzheimer transaction. I have nothing in my files except a statement made by Pforzheimer at the time of the indictment, at which time we were unable to obtain any definite information as to just how, when and where payments were made.'

"It is my understanding that Pforzheimer would be a very reluctant witness, for the reason that his own returns to the Department are more or less vague and indefinite as to his transaction.

"I can see no advantage in holding an indictment if the evidence is not sufficient to obtain a conviction. You realize, of course, that these indictments were obtained on very short notice, as the statute of limitations was about to run. Pforzheimer's evidence before the Grand Jury was sufficient to obtain an indictment, and, upon its face, was good grounds for such indictment, and it was then thought that a further investigation by the Department would reveal in detail the transactions necessary to prove our case.

"If the Treasury Department can get a satisfactory settlement on account of this income, it would seem to be policy to accept it and close the case, rather than to go to trial on the criminal indictment with insufficient evidence to obtain a conviction, especially since we are unable to force BLACKMER to return to the United States so that we might never be able to try the case. Even if he should return a number of years hence, it would be still more difficult to obtain a conviction, as the chances are a number of the

"witnesses might not be available, which would further weaken our case.

"Very respectfully,"

GEORGE E. HOLMES, New York City Attorney, and KARL C. SCHUYLER, of the Denver Bar, represented BLACKMER during this period.

E. C. CROUTER, Departmental Attorney, submitted a memorandum to Assistant Attorney General G. A. YOUNGQUIST on December 9, 1930, in which he made the following observations:

"QUESTION PRESENTED

"Where defendant has been indicted for perjury and for evasion of taxes in the amount of about \$3,882,996 (including penalties and interest) but there is little evidence to prove the perjury charge, the defendant is not within the United States and extradition has been refused, should the Government compromise the case upon payment of \$4,000,000 and the entry by the taxpayer's attorneys of pleas of nolo contendere to the perjury indictments (if the Department will not dismiss said indictments) and also to the charges of tax evasion (the latter being made misdemeanors by the statute), with the understanding that only a fine is to be imposed upon the entry of such pleas?"

Thereafter, under the caption "Facts", CROUTER details the history of the BLACKMER case, and then states:

".....It is my understanding that BLACKMER does not intend to return for the purpose of the subject case, but that the compromise, if acceptable, is to be effected by his attorneys.

"The total amount of tax, penalty, and interest originally assessed against BLACKMER for the years 1916 to 1923 (penalty as to 1916 and 1917 in amount of approximately \$2,500,000 being barred) amounted to \$8,498,935.38. This amount has now been reduced by the Treasury Department to \$4,989,192.07, in which is included \$1,106,225.33, barred penalties for 1916 and 1917. Subtracting these barred penalties leaves a total of \$3,882,966.74, as of January 21, 1930.

"The original assessment is now pending before the Board of Tax Appeals. The attorneys for BLACKMER now make an offer to the Treasury Department by the terms of which they agree to pay \$4,000,000 cash in compromise of civil liabilities including tax, penalty and interest, and with respect to criminal liability agree, provided the perjury indictments are dismissed, to enter a plea of nolo contendere to each of the four evasion indictments and accept and abide the judgment of the trial court upon the plea, preferably with the understanding that only a fine shall be imposed. It is also indicated that pleas of nolo contendere might be entered to the perjury indictments if said indictments are not dismissed.

"In January or February, 1929, at a joint conference held before Attorney General SARGENT and representatives of the Treasury Department, BLACKMER's attorneys made an offer of \$2,484,417.19, in compromise of all civil and criminal liabilities. This offer was rejected.

"It appears that the Government has a lien on property of the taxpayer originally valued at about \$3,500,000, but now stated to be worth about \$2,700,000.

"The terms of the present compromise were proposed at a conference held at the Department of Justice on February 7, 1930."

Just prior to recommending the proposed compromise offer submitted by the taxpayer's representatives be not favorably considered, CROUTER notes:

"My reaction to the proposition submitted is that the perjury indictment could be handled by the Department on a basis which would be just and satisfactory to the taxpayer, if the indictments for tax evasion could be compromised on any acceptable basis. But on the facts and the law as I understand them, the defendant should appear personally at the time of entry of pleas of nolo contendere to the indictments for tax evasion, and this Department would enter into no agreement that punishment would be limited to a fine only. Therefore, since the taxpayer's representatives desire merely a money settlement

of all criminal and civil liability (and the civil settlement appears to be satisfactory), I fail to see how the present proposed compromise could be effected."

J. H. McEVERS, CROUTER's superior, penned the following notation to the bottom of CROUTER's memorandum:

"To me it is obvious that the perjury counts should be dismissed for the reason that the evidence indicates that the defendant is not guilty. The compromise of the misdemeanors is satisfactory provided the defendant appear in person and abide the judgment of the Court. A plea in his absence would in my mind be a travesty upon justice."

Assistant Attorney General G. A. YOUNGQUIST submitted the following two office memoranda on the dates indicated:

"March 4, 1931

"BLACKMER's attorneys have heretofore made an informal offer of compromise of civil and criminal liability involving taxes for the years 1916, 1917, 1919, 1921, 1922, and 1923 by the payment of a total of \$4,000,000, by the entry of pleas of nolo contendere to the four pending misdemeanor indictments for tax evasion, and the dismissal by the Government of the two pending indictments for perjury.

"The Treasury Department and the Department of Justice agree that \$4,000,000 is considerably in excess of what the Government could hope to establish in the pending proceedings before the Board of Tax Appeals. It is also considerably more than the Government could hope to collect. BLACKMER has already paid \$2,500,000 and the only additional amount covered by the Government's lien is between \$200,000 and \$300,000.

"Upon the proof adduced by BLACKMER's attorneys and investigation made by agents of the Treasury Department it is clear that the perjury indictments can not be prosecuted successfully.

"At a conference had today with Assistant Secretary HOPE it was agreed that the interests of the Government

would be best served by compromising the matter on the following terms: BLACKMER to pay a total of \$4,000,000 and to plead guilty to the four misdemeanor indictments; and the Government to dismiss the two perjury indictments.

"I so advised Mr. HOLMES at my office this afternoon. I told him further that the Government would leave to the court the matter of punishment on the pleas of guilty without the Government's making any recommendation thereon, according to the usual and proper practice. The Government would, of course, at the time for sentence, make a full statement of the facts to the court.

"Mr. HOLMES asked whether we had any objection to his interviewing the court on the subject of punishment. I told him I would not say that we had no objection but would make no comment upon it, and that it was a matter for him to deal with according to his own judgment; and further, in response to his previous suggestion, said that we would not appear with him in any preliminary conference with the court, giving for the reason that we would neither make nor suggest any agreement with respect to punishment.

"I also said to him that the matter of BLACKMER's personal presence in court was one for determination by the court.

"Mr. HOLMES said he would communicate with me later."

"October 23, 1931

"Some days ago Assistant Secretary BALLANTINE telephoned me and suggested reconsideration of the BLACKMER compromise proposal. The proposal was that BLACKMER pay \$4,000,000, that he plead nolo contendere to two misdemeanor indictments pending against him, and that the Government dismiss the perjury indictment.

"I had decided--and had so informed the Treasury Department and BLACKMER's counsel--that the compromise would be acceptable if BLACKMER pleaded guilty to the two

misdemeanor indictments, proceeding on the assumption that imposition of sentence on plea of guilty would require the personal presence of BLACKMER in court. Since that time I had heard nothing from BLACKMER's counsel until a few days ago when Mr. HOLMES and Mr. SCHUYLER called and renewed their original offer. They tell me that no formal offer will be made until they have assured themselves that the court will not require the personal presence of BLACKMER and that the punishment will consist of fine only.

"I have today informed Mr. BALLANTINE that we can approve the compromise only on the following terms: The Government to dismiss the perjury indictment and BLACKMER pay \$4,000,000, plead guilty to the misdemeanor indictments, and personally appear for the imposition of sentence."

Under date of May 6, 1932, Attorney General WILLIAM D. MITCHELL wrote this memorandum:

"MEMORANDUM FOR MR. YOUNGQUIST

"In re: United States v. Blackmer.

"I have your memorandum of this date. The question we are interested in is whether any action proposed to be taken administratively in the Treasury Department before the Board of Tax Appeals would in any way interfere with the prosecution of the pending criminal indictments against BLACKMER in case of his return to the United States.

"I understand that the proposal of the Treasury Department to collect \$1,500,000, including fraud penalties for the years 1916, 1917, and 1919, we are not interested in as there is no criminal prosecution pending for those years. With respect to the years 1920 to 1923, however, the Treasury proposes to proceed before the Board of Tax Appeals to obtain an order fixing the taxes, interest, and fraud penalties for those years at \$2,171,064, and of that sum approximately \$600,000 represents fraud penalties.

"We have an indictment pending against BLACKMER under the income tax laws, covering those years, and the question is

whether the administrative imposition of \$600,000 of fraud penalties could be pleaded by BLACKMER in the criminal prosecution as a bar to further prosecution under the double jeopardy theory. You and I have been consistently and unalterably opposed from the beginning to any acceptance from BLACKMER of money for the public Treasury as a consideration for immunity from criminal prosecution. No matter what sum BLACKMER might be willing to pay into the Treasury, its acceptance could not be justified if its effect is to render him immune from criminal prosecution. Considering all the circumstances of this case, I do not think the Federal Government could properly do anything which would amount to compounding a felony.

"As I understand your memorandum, the officials of the Treasury Department, including lawyers of exceptional ability, have reached the conclusion that the acceptance of the proposed sum for 1920 to 1923, which would include \$600,000 fraud penalties, will not operate to bar the prosecution of the criminal charges against BLACKMER. The Treasury is also of the opinion that there is no legal way in which it can drop the item of fraud penalties out of its proposed order for redetermination of the tax for the years in question and it opposes relinquishing the sum of \$600,000 of fraud penalties when it is satisfied that the collection of that amount would not render BLACKMER immune from prosecution under the pending indictments.

"Your view seems to be that the probabilities are that the Treasury is right and that a plea of double jeopardy would not be sustained, although you concede that the point is open to debate. I take it for granted that as soon as the proposed tax redetermination is made in the Treasury Department, BLACKMER's lawyers will appear in the court in which the indictment is pending and raise the point that the payment of the fraud penalties must result in a dismissal of the indictment.

"I have not been able, of course, to study personally the statutes and decisions which bear on this question so as to form an independent judgment on the law, but since the Treasury has decided views on the subject and

your division is of the opinion that the Treasury is probably sound, I agree with you that we would not be justified in insisting that the Treasury throw away \$600,000 on the possible chance that it may defeat the criminal prosecution.

"There is the further factor that if the money is not accepted BLACKMER will probably remain abroad indefinitely and we never will be able to bring him to trial."

"Under the conditions, therefore, I approve of your conclusions in the matter and suggest that you advise the Treasury Department accordingly."

"Attorney General"

United States Attorney RALPH L. CARR, Denver, advised the Attorney General by letter dated December 29, 1932:

"Sir:

"Attention: Hon. G. A. Youngquist,
Assistant Attorney General.

Colo.

"EUGENE D. MILLIKIN of the Denver Bar, who is now acting as attorney for HENRY M. BLACKMER, called upon me to determine what course this office expected to follow in connection with the BLACKMER cases.

"It is his contention that the perjury cases should be dismissed and that pleas of nolo contendere should be received upon the other indictments. These pleas, he contends, might be received in the absence of the defendant.

"I explained to Mr. MILLIKIN that I would take no action soever in respect to these matters except on explicit instructions from you.

"On my last visit to Washington, I was given to understand that the Department took the position that no

plea of nolo contendere should be received by a Court in the absence of the defendant.

"Mr. MILLIKIN is planning to go to Washington and will probably see you personally about these matters. In the meantime unless the defendant presents himself for a plea, I will take no action in the matter.

"Very respectfully,"

Attorney RALPH HARTZELL, First National Bank Building, Denver, in a letter to Attorney General HOMER S. CUMMINGS on April 8, 1932, indicates MILLIKIN was active on behalf of BLACKMER in Denver as early as October 14, 1928, when he offered to show evidence to United States Attorney STEPHAN that BLACKMER could not possibly be guilty as charged in the perjury indictments.

The carbon copy of a letter dated January 21, 1933, from Colorado Governor GEORGE STEPHAN, former Denver United States Attorney, to his successor, United States Attorney RALPH L. CARR, Denver, which is in the Departmental file, reflects:

"Dear Ralph,

D.C.

"Mr. E. D. MILLIKIN, attorney for HENRY M. BLACKMER, has advised me that he is leaving for Washington today to make an effort to secure the dismissal of the perjury indictments against his client.

"While I was still in office, I recommended that all of the indictments against BLACKMER be dismissed if a satisfactory settlement were made of the tax claims against him. I understand that such settlement has been made.

"Independent of the financial features of the case and of the indictments for willful attempt to defeat and evade taxes, it is my opinion that the government is not justified in longer maintaining the perjury indictments.

"We proceeded with the perjury indictments because the signatures of BLACKMER were undisputed and because the jurats carried every appearance of regularity. But, nevertheless, as I have advised you, our own investigations thereafter developed that BLACKMER was not in

Colorado on either of the dates when we allege he made false oaths. Moreover, nothing helpful can be expected from the Notary. She now says that she has no memory of actually swearing BLACKMER and says she kept no record of such notarial acts.

"The value of the jurats having since been destroyed by the results of our own investigations, we have no other evidence out of which to make a case. It is a matter of course to ask the dismissal of indictments under such circumstances.

"I am aware that with respect to the BLACKMER indictments you are acting under the instructions of the Department. I shall appreciate it if you will pass my views on to General YOUNGQUIST so that they will get to him in time for consideration when Mr. MILLIKIN calls on him.

"I am,"

A "Memorandum for the Files" submitted by Assistant Attorney General G. A. YOUNGQUIST on January 17, 1933, reads:

"CHARLES D. HAMEL, of Washington, called again this morning in connection with his proposal that BLACKMER would plead nolo contendere in the misdemeanor counts in the indictments pending against him in the District of Colorado if the Government will dismiss the perjury counts, and if it be agreed that he need not appear before the court in person, and that the punishment will be only a fine.

"I told Mr. HAMEL that I had read carefully his memorandum of January 6; that I have had the file reviewed; that in the opinion of this Division, as well as in the opinion of those in the General Counsel's Office who are most familiar with the case, there was a reasonably good prospect of securing convictions on the misdemeanor counts; that under these circumstances, and in accordance with my policy, I could not agree to his proposal; that I would consider dismissing the perjury counts if BLACKMER were to plead guilty to the misdemeanor counts (appearing before the court in person

for that purpose) without recommendation on my part as to sentence, but that I would consider no proposal that did not require his personally appearing to enter the plea.

"Mr. HAMEL asked whether I would consider a plea of nolo contendere in place of a plea of guilty. I replied that BLACKMER's personal appearance was an indispensable requisite to any arrangement; that if he did personally appear, we could talk about substituting a plea of nolo contendere in place of a plea of guilty, although I told him I did not want to convey any impression that pleas of the former class will be acceptable; and added that it was probably useless to discuss that, since I understood that BLACKMER would, under no circumstances, personally appear. Mr. HAMEL agreed.

"Before leaving, Mr. HAMEL said that he understood BLACKMER's Denver counsel proposed to take steps to have the indictments disposed of, the perjury count on the ground that the evidence before the grand jury was not sufficient to warrant the return of an indictment, and the misdemeanor counts on the ground of double jeopardy based on payment of fraud penalties in connection with the disposition of the civil liability."

Departmental file 5-13-14 reflects numerous contacts were made during the 1930's by representatives of BLACKMER, including Denver Attorney RALPH HARTZELL, EUGENE D. MILLIKIN, and Denver Judge IRA C. ROTHEGERBER, urging top Department of Justice officials in Washington cause the perjury indictments be dismissed, permit BLACKMER plead nolo contendere to the tax evasion charges without personally appearing in Court and agree that his only punishment would be a fine. The Government steadily maintained it would not deal with a fugitive from justice under any circumstances unless he submitted himself to the jurisdiction of the Court.

About May 18, 1938, BLACKMER's civil liability was settled for \$3,600,000. The Bureau of Internal Revenue claimed tax deficiencies of approximately \$4,800,000.

By letter on September 24, 1938, J. P. WENCHEL, Chief Counsel, Bureau of Internal Revenue, advised the Department of Justice that his Department had no objection to dismissal of the perjury indictment against BLACKMER.

WFO 62-7249

Secretary of the Treasury H. M. MORGENTHAU, JR., directed the following letter to the Attorney General on June 17, 1948:

"My dear Mr. Attorney General:

"You may be interested in the following information.

"The Foreign Funds Control has recently discovered that HENRY M. BLACKMER, who was involved in the Teapot Dome affair, has assets in various New York banks amounting to \$263,000 in bank accounts and \$9,639,000 in securities.

"Any further information with respect to this matter which is desired by representatives of your Department may be obtained by consulting with J. W. PEHLE, Assistant to the Secretary.

"Sincerely,"

This information was brought to the attention of the Criminal, Claims and Tax Divisions of the Department of Justice as well as to the attention of the Secretary of the Interior and the Comptroller General of the United States. No claims against BLACKMER were located.

Colonel JOSEPH M. HARTFIELD of the law firm of WHITE and CASE, 111 Wall Street, New York 5, New York, directed a letter to Mrs. GRACE STEWART, Office of the Attorney General, Justice Department, Washington, D. C., on June 22, 1948, enclosing a copy of a memorandum which had been sent by him to the State Department in connection with BLACKMER's application at the United States Consulate at Geneva, Switzerland. Colonel HARTFIELD requested Mrs. STEWART to promptly bring the matter to the attention of the Attorney General for consideration and recommendation should the passport application be referred to the Justice Department by the State Department.

By letter dated July 22, 1948, Mrs. R. B. SHIPLEY, Chief, Passport Division, Department of State, informed the Attorney General, TOM C. CLARK, that the Department of State was giving consideration to a passport application executed by HENRY M. BLACKMER at the American Consulate, Geneva, Switzerland, on June 4, 1948. BLACKMER desired a passport for the purpose of traveling to France. Mrs. SHIPLEY requested advice as to the status of the criminal proceedings instituted against BLACKMER and asked whether the Department of Justice had any objection to the issuance of a passport to BLACKMER for travel abroad.

Replying to Mrs. SHIPLEY on August 11, 1948, Assistant Attorney General THERON LAMAR CAUDLE wrote:

"Mr. BLACKMER was indicted in the United States District Court for the District of Colorado in 1928 for evasion of his income taxes. The case has never been tried since he has been a fugitive from justice during all that time. It is understood that he now resides at Geneva, Switzerland. Under these circumstances, the Department must object to the issuance of a passport to BLACKMER for travel abroad."

The following "Memorandum for Mr. PEYTON FORD, The Assistant to the Attorney General" was submitted by GEORGE A. STINSON on September 3, 1948:

"Colonel JOSEPH HARTFIELD, representing the above defendant, was, at your suggestion, given a conference on August 3 by the undersigned and Mr. JOHN MITCHELL, Acting Chief of the Criminal Section of the Tax Division. In brief, Colonel HARTFIELD proposed that Mr. BLACKMER would return from Europe (where he has been a fugitive since 1924) in December of this year to surrender on the five indictments which have been outstanding against him since 1928 provided the Department of Justice would recommend to the court (Colorado) that a plea of nolo contendere to the indictments be accepted and that fines be imposed with no jail sentences.

"Several months ago Colonel HARTFIELD conferred with the Attorney General regarding the request made at that time to the State Department for the issuance to Mr. BLACKMER of a passport for travel in Europe for one year, at the end of which time Mr. BLACKMER agreed to return to the United States. The Attorney General advised the State Department that he must object to the issuance of a passport for Mr. BLACKMER's travel abroad, and Colonel HARTFIELD was so informed. The request for a passport for a year's travel is not now renewed. December is set as the date for Mr. BLACKMER's proposed return to the United States in view of possible political implications if he should return to this country before the election.

"The reasons given for Mr. BLACKMER's desire to return to the United States at this time, which are also assigned as reasons why the Department might desire to recommend the imposition of fines, are (1) that Mr. BLACKMER is now 79 years of age and desires to return to this country to spend his remaining years with his family in Denver, and (2) that the indictments had a political cast to them in 1928, being intended merely as a means of securing Mr. BLACKMER's return to this country to testify in the Teapot Dome investigation in which he was implicated as mentioned below. Colonel HARTFIELD stated that several other individuals who were implicated in the same tax evasion as that charged to Mr. BLACKMER, were never indicted and were permitted to dispose of their civil liabilities arising out of such tax evasions without the payment of penalties. On the other hand, Mr. BLACKMER was not only indicted but was compelled to pay civil fraud penalties in addition to the taxes claimed. These amounted to some three and one-half million dollars. Since the matter arose therefore from political pressures of some 25 years ago and since Mr. BLACKMER has been treated more harshly than others who were guilty of the same acts, Colonel HARTFIELD argues that the Department should now be willing to close the matter out on the basis he suggests."

· In his memorandum, which is dated September 2, 1948, MEYER ROTHWACKS
comments:

"This memorandum is submitted pursuant to Mr. STINSON's request for a brief statement of the facts and my reaction to Mr. RALPH HARTZELL's inquiry concerning possible recommendation by the Department that no jail sentence be imposed upon BLACKMER in the event he returns to this Country.

"The civil liability involved in the evasion charges has apparently been satisfied. The file indicates that Mr. BLACKMER's civil tax liability for 1916, 1917 and 1919 to 1923, inclusive, was settled by payment of \$3,600,000. See Mr. CROUTER's memorandum of June 22, 1942, and the letter of the Secretary of the Treasury dated June 17, 1942. The Treasury Department discovered further assets of Mr. BLACKMER in this Country (\$263,000 in bank accounts and \$9,639,000 in securities). Apparently there exists no outstanding claim of the Government against Mr. BLACKMER to which this fund may be applied.

"I have perused Section 5 of the Department of Justice files in this case (the remaining 4 are presently in the Archives) and have discovered no discussion in it concerning possible recommendation by the Department as to sentence. Mr. JOSEPH P. O'CONNELL's memorandum to Mr. LOONEY (September 16, 1939) refers to the persistent attempts of the defendant to return to the United States "under the agreement that the perjury charges be dismissed and that a recommendation be made on the part of the Government in regard to punishment on the tax evasion." Mr. O'CONNELL's memorandum states that he advised the defendant's attorneys "that the Government would not dismiss any pending indictment so long as the defendant was a fugitive from justice." There is no mention of the Government's attitude toward a recommendation in regard to punishment.

"It is my understanding, based partly on my familiarity with the Patenotre and O'Leary cases, that the firm policy of the Department would foreclose the recommendation sought by the defendant's attorney here. My own personal recommendation is that the request be denied."

1948:

Colonel JOSEPH M. HARTFIELD wrote this letter on September 2,

"Mr. Peyton Ford,
Acting Attorney General,
Department of Justice,
Washington, D. C.

"Dear Mr. Ford:

"Thank you for giving me so much time yesterday. I did not come back after my talk with Mr. STINSON and one of his associates, because they said they would endeavor to find the files and to make a report to you at the earliest possible time.

"In the meantime I understood that you would, upon the return of the Attorney General on Friday, take up with him the question of whether your Department

would recommend the issuance of the passport upon the agreement of Mr. BLACKMER that if he did not return to the country within one year from the date of issue, he would surrender the passport, and with the full understanding that if he did not so surrender it, the passport would be cancelled.

"Of course Mr. BLACKMER would not have made the application upon my advice, if I had not felt that the Attorney General understood the situation and was prepared to advise the State Department of his position. I am sure you will call to his attention that in the application for the passport there is a definite representation that Mr. BLACKMER intends to return to the United States to reside permanently within 12 months.

"In view of the reasons why Mr. BLACKMER desires the passport issued, I hope that the Attorney General and yourself can consistently determine that no interests of this country will be prejudiced by the issuance of the passport, under the conditions stated.

"Yours sincerely,"

D.C.

The above two memoranda plus the HARTFIELD letter were routed to Attorney General TOM CLARK with a notation signed by initials believed to be those of PEYTON FORD. The notation reads:

"In your absence I talked with the Col. HARTFIELD and explained that we had no objection to his client returning, but felt he should do so at once. I do not see the necessity of a passport to travel over Europe when he is now doing so on a certificate of identity."

Attorney General CLARK added the notation:

"I agree. We will agree to issuance of passport to USA now. "

WFO 62-7249.

On September 16, 1948, the following letter which was prepared for the signature of PEYTON FORD, The Assistant to the Attorney General, by M. J. HORAN, was written Colonel HARTFIELD:

"My dear Colonel Hartfield:

"This is in response to your letter of September 2, 1948, relative to Mr. HENRY M. BLACKMER.

"I have discussed this matter with the Attorney General, and wish to advise that this Department would interpose no objection to the issuance of a passport to Mr. BLACKMER, provided such passport is issued for the sole purpose of Mr. BLACKMER's immediate return to the United States.

"Yours sincerely,"

With regard to the ultimate disposition of the BLACKMER case, Departmental file 5-13-14 reflects the following chain of events:

On August 4, 1949, MAX M. BULKELEY, United States Attorney, Denver, directed the following letter to PEYTON FORD, Assistant Attorney General, Department of Justice, Washington, D. C.:

"Dear Mr. Ford:

"United States v. Henry M. Blackmer
Attempting to defeat and evade income
taxes and perjury in connection with
income tax returns. - Dept. Ref: 5-13-14

"This is in regard to the cases against the above-named defendant, which were returned by a grand jury many years ago, the defendant going to Europe where he has remained ever since.

"During recent months there have been some endeavors to make some arrangements whereby BLACKMER can return to this country, and you will perhaps recall that you called me by long distance in regard to this matter on June 13. There was a proposition at that time to have the cases transferred from Colorado to Massachusetts. This, however, did not meet with my approval.

"Today Mr. HAROLD D. ROBERTS came to my office representing the defendant BLACKMER and made the proposition that BLACKMER would be willing to plead guilty or nolo contendere to the two cases in which he is charged with tax evasion, Docket Nos. 5932 and 5935, providing that the Government would be willing to dismiss the four cases charging perjury (Docket Nos. 5933, 5934, 5936, and 5937). I have gone back into these old files two or three times when there has been some matter come up in regard to these cases and from my examination of the files, I am thoroughly satisfied that we would be unable to maintain the perjury cases and that we could never hope for a conviction if the cases were tried. Consequently, I see no objection to the proposition of dismissing the perjury cases upon a plea in the other two cases.

"I am, therefore, recommending that upon the appearance by BLACKMER and his plea of guilty in the two cases for tax evasion, that the perjury cases be dismissed and I now request your authority to take this action.

"Mr. ROBERTS today in our conversation desired that a definite date be fixed for BLACKMER's appearance and we agreed upon Tuesday, August 23. We took the matter up with Judge SYMES and that date is agreeable to him.

"May we have your letter of authority to dismiss the perjury cases as soon as possible so that I can assure Mr. ROBERTS that this arrangement will be satisfactory with the Attorney General's office, and I would of course want to have your authority before the 23rd.

"On account of the age of the defendant, Mr. ROBERTS stated that he did not expect to remain very long in Denver and this is the reason primarily for desiring a definite date of setting for the cases.

"Very truly yours,

"Max M. Bulkeley,
United States Attorney

"MMB/s

WFO 62-7249

"P.S. I enclose herewith form of authorization for dismissal of indictment and information in these cases which I have executed, since I have been handling this matter personally."

Assistant Attorney General ALEXANDER M. CAMPBELL routed BULKELEY's letter to WILLIAM A. PAISLEY with the notation:

"8-18-49

"Please prepare reply & O.K. Thanks."

The correspondence and notation was received by PAISLEY on August 19. As a result he prepared the following telegram and memorandum:

"UNITED STATES ATTORNEY

August 19, 1949

DENVER, COLORADO

"REURLET RE HENRY M. BLACKMER. AUTHORITY GRANTED

DISMISS PERJURY INDICTMENTS UPON PLEA OF GUILTY OR

NOLO CONTENDERE IN TWO TAX EVASION CASES.

"PEYTON FORD

THE ASSISTANT TO THE ATTORNEY GENERAL"

"To : Raymond P. Whearty

Date: August 19, 1949

From : William A. Paisley

WAF:ew

Subject: Henry M. Blackmer

D.C.
"Since BULKELEY wanted an answer in time to arrange for the pleas on the 23rd, I have prepared this wire. This is really a matter for the Tax Division--all phases of these cases have been handled by that Division. ~~Mr. CAUDIE~~ and Mr. McINERNEY are both away today; so is ~~TURNER SMITH~~, Head of the Criminal Section of the Tax Division. However, on June 23rd Mr. DAGGER talked with McINERNEY and he stated that for 15 years that Division has been willing to dispose of these cases on this basis.

"I have prepared this telegram simply to get the thing moving. It is quite possible Mr. FORD will want to clear it with the Tax Division. Mr. ED DOYLE (Extension 462) is handling the case in the Tax Division."

JOHN H. MITCHELL submitted the following "Memorandum for Assistant Attorney General CAUDLE" on August 19, 1949:

"Mr. WILLIAM PAISLEY of the Criminal Division called me today and advised that he had been instructed by The Assistant to the Attorney General, PEYTON FORD, to draft a telegram to United States Attorney BULKELEY at Denver, Colorado, authorizing the dismissal of the perjury indictment now pending against BLACKMER upon condition that he enter a plea of guilty to the tax evasion indictment. Mr. PAISLEY inquired as to whether I knew of any reason why this procedure should not be followed.

"I informed Mr. PAISLEY that I knew that some negotiations had been carried on about a year ago with regard to the disposition of this case, but that I had no knowledge of any recent discussions of the matter.

"Mr. PAISLEY stated that Mr. FORD had recently discussed the matter with Assistant Attorney General CAMPBELL and that the above-mentioned procedure had been agreed upon.

"I further advised Mr. PAISLEY that this was a tax evasion case and that I was surprised that it had not been cleared through the Tax Division.

"Mr. PAISLEY stated that he was simply carrying out the orders of his superiors in drafting the telegram, but that he would attach a note to the telegram when he sent it to Mr. FORD for approval that this was a Tax Division case and that Mr. FORD might desire to clear it with the Tax Division.

"Respectfully"

WFO 62-7249

The file copy of the telegram set forth above bears the initials of T. LAMAR CAUDIE indicating the Tax Division's approval.

United States Attorney BULKELEY wrote Assistant to the Attorney General FORD on September 7, 1949:

"Dear Mr. Ford:

"U.S. v. Henry M. Blackmer -- Income tax evasion and perjury in connection with income tax returns.

"The BLACKMER matter is in the present situation. Judge SYMES returned to Denver last Friday and since then we have had various reports as to his condition. He was down to the office Saturday, but has not been down today. There seems to be a serious question as to whether he will be able to do very much in the future.

"Judge ORIE L. PHILLIPS of the Court of Appeals for the Tenth Circuit talked with me Friday in regard to the cases and he thought we had just as well make arrangements to take care of them and have BLACKMER come in and plead. He said that if Judge SYMES was not able to take care of it, that either he would assign some District Judge to take care of it, or take care of the matter himself.

"I got in touch with Mr. HAROLD ROBERTS, attorney for BLACKMER, and he suggested that we set a tentative date of September 16 or September 20, and in accordance with that arrangement he was to have BLACKMER come to this country. The case may not come up on either the 16th or the 20th, but I would suggest that you send me authorization to dismiss the perjury cases so that I will have them prior to the 16th.

"In this connection, I wish also to call your attention to the fact that the other two cases, both of which are for making of fraudulent income tax returns, cover the same identical years. Apparently there were two indictments drawn, one by a Washington attorney and the other by a Denver attorney and both

of them returned by the grand jury, apparently with the idea that if the cases were resisted or any technicality found in one, that the other would be sufficient, so we would have to dismiss one or the other of these two cases. I would suggest that you include No. 5935 with the others in the authority to dismiss.

"When Judge PHILLIPS was in the office Friday, he stated that if he were to take the plea in the case, he would like a recommendation from either this office or the Attorney General. If this office were making the recommendation we would suggest a \$5,000. fine on Count 1, and \$500. on each of the other three counts. Of course, as you known, this defendant is now eighty years old, so in my opinion no jail sentence should be sought. Please let me know whether this suggestion as to fines would meet with your approval, or whether you would suggest something different.

"Of course, if Judge SYMES takes the plea, he never asks for recommendations from our office.

"Very truly yours,"

EDMUND D. DOYLE, the attorney in the Department to whom the BLACKMER case was assigned for supervision, prepared an Air Mail Special Delivery reply dated September 21, 1949, for the signature of THERON L. CAUDLE, Assistant Attorney General:

"Dear Mr. Bulkeley:

"This is in reply to your letter of September 7, 1949, regarding the above case.

"You are hereby granted authority to dismiss the perjury indictments against HENRY M. BLACKMER upon BLACKMER's entry of a plea of guilty or nolo contendere to the indictment in Case No. 5932, charging attempted evasion of income taxes.

"Since the indictment in Case No. 5935 covers the same offenses and the same years as the indictment

in Case No. 5932, authority is also hereby granted to dismiss the indictment in Case No. 5935 upon the entry of a plea in Case No. 5932.

"It is specifically requested that Government counsel make no recommendation as to the sentence to be imposed in this case.

"We understand that BLACKMER was to leave Europe by plane on September 20, 1949, will arrive in Boston on September 21st and will then proceed immediately by rail to Denver where he will surrender.

"Sincerely yours,

"For the Attorney General"

DOYLE also prepared a memorandum on Monday, September 26, 1949, with regard to press dispatches emanating from Denver of Friday, September 23, quoting United States Attorney BULKELEY as stating he believed BLACKMER should receive only a fine and no prison sentence if he entered a plea to the tax evasion charges. Washington newspapers had also carried articles implying the Department of Justice had made a "deal" with BLACKMER's counsel. DOYLE commented:

"Mr. McINERNEY and I drafted a statement to be made by United States Attorney BULKELEY to the Court at the time that BLACKMER entered his plea. We showed this draft to Mr. FORD, who approved it with one or two minor revisions. Mr. McINERNEY read the statement over the telephone to Mr. BULKELEY and cautioned him to make no further statements regarding his views on the nature of the sentence to be imposed. The statement and two copies were dispatched air mail, special delivery to Mr. BULKELEY at his home in Denver so that he would be sure to have the statement before the Court convened on Monday. A copy of this statement is attached for your information."

"After the conference (a press conference held in DEAN L. SCHEDLER's office), Mr. SCHEDLER, Mr. McINERNEY and I reported to Mr. FORD. Mr. FORD requested Mr. McINERNEY to be present in Denver on Monday morning so that a representative of the Department would be on hand in the event anything arose requiring an immediate decision by the Department."

By letter dated September 26, 1949, United States Attorney BULKELEY advised:

"Dear Mr. Ford:

"U.S. v. Henry M. Blackmer

"The above matter came up this morning as per schedule. BLACKMER was in Court with his attorney, Mr. HAROLD ROBERTS, at 10 A.M. Senior Circuit Judge ORIE L. PHILLIPS was on the bench.

"Judge PHILLIPS made a statement first concerning the BLACKMER cases and the fact that it was originally set before Judge SYMES for August 23. After detailing the attempts to have the hearing, we proceeded with the case.

"I called the tax evasion case, No. 5932. Attorney ROBERTS waived the reading of the indictment and service of a copy of the indictment. BLACKMER's attorney then tendered a plea of nolo contendere. Judge PHILLIPS asked if this was acceptable to me and I advised him that it was not. Judge PHILLIPS then refused the plea of nolo contendere. BLACKMER's attorney then offered a plea of guilty in the case.

"Judge PHILLIPS then announced that he would not pass sentence at this time, but that he desired a pre-sentence investigation. He further stated from the bench that he wanted to investigate the cases himself. I then stated to the Court that in view of the plea of guilty which the defendant had just entered that the Government was willing to dismiss the other five cases. Judge PHILLIPS asked my reasons for the dismissal of the perjury cases and I then made a statement to him advising him somewhat fully that the evidence was insufficient to secure a conviction of perjury.

"Judge PHILLIPS wanted to know if I desired to make a motion to dismiss the cases and I told him that I desired to have that matter delayed until he was ready to pass sentence. The Judge said that that would be agreeable and I therefore made

the motion to dismiss the five cases. This Judge PHILLIPS will take into consideration and it will be acted upon at the same time that he passes sentence.

"The defendant was placed under \$5,000. bond and released until such time as Judge PHILLIPS will be ready to impose sentence. This may be several days. In fact, the Judge indicated that it might be a month before he was ready.

"I rather think that Judge PHILLIPS' idea was to make an investigation on account of the numerous newspaper articles which have been published concerning the BLACKMER cases, especially since the papers have used the word "deal" so much. I think perhaps it will be a good idea in the end, because I feel certain that after his investigation, the Judge will grant the motion and dismiss the cases. This should give the Department of Justice a clear bill of health so far as the BLACKMER cases are concerned.

"Everything went off in nice shape and about as expected, except for Judge PHILLIPS' delay because of the requested pre-sentence report. I had expected that he would pronounce sentence today. However, I think it will make no difference, except in the matter of delay.

"Very truly yours,"

The Departmental file also contains two copies of the reporter's transcript of the hearing in Court in the BLACKMER cases on September 26, 1949, from which the following pertinent passages are quoted:

"THE COURT: Criminal cases 5932 to 5937, inclusive, the United States against HENRY M. BLACKMER. Before taking up those matters, the Court desires to make a preliminary statement in order that there may be no misconceptions about what has transpired so far as I am concerned in these matters. I desire to make this

preliminary statement. These matters, so I was advised, were heretofore set down for hearing on the 23d day of August, 1949, before Judge SYMES. After they had been set down and about the middle of the week of August 7th, I think it was perhaps August 10th, 1949, Judge SYMES became ill. He went to California the latter part of that week or the early part of the succeeding week. About August 15th Mr. BULKELEY, the United States attorney, came to me and advised me that these matters had been set down for August 23d and requested me to assign a judge to hear them in place of Judge SYMES.

"That is the first time I knew anything whatever about any arrangements for Mr. BLACKMER to return to the United States and appear in answer to these indictments. I told Mr. BULKELEY that these matters had been pending a long time in Judge SYMES' court, that for obvious reasons I hesitated to ask an outside judge to accept the responsibility of disposing of them, and suggested that they be continued until Judge SYMES returned.

"I did not then anticipate that Judge SYMES would not soon recover sufficiently to again resume his judicial duties.

"The matters were continued indefinitely to await Judge SYMES' return to the bench but unfortunately Judge SYMES' illness continued and he was not able to resume his judicial work.

"On or about September 10th Mr. ROBERTS, counsel for Mr. BLACKMER, came to me and stated that it appeared that it might be some time before Judge SYMES could hear these matters and requested me again to assign some other judge to hear them. I stated to Mr. ROBERTS that I hesitated to ask another judge to come in and assume the

responsibility of disposing of these matters, and stated that if Judge SYMES could not hear them before this week I would hear them. I had already been assigned to take care of routine and emergency matters in the District of Colorado.

"In the meantime, on Thursday of last week, Judge SYMES filed his retirement with the President, effective when his successor is appointed. I have made inquiry this morning of Judge SYMES' physician and he tells me that it would be quite impossible for Judge SYMES to hear these matters this week or at any time within the near future.

"For those reasons, I will proceed to hear these matters. You may proceed, Mr. BULKELEY.

"MR. BULKELEY: May it please the Court, in Case No. 5932, against HENRY M. BLACKMER, we desire to bring that case up now for arraignment and plea.

"THE COURT: Now, before you proceed with that, I haven't been able or desirous of reading all that has been in the newspapers; I haven't had time, and I don't know what truth there is to the matters that have appeared in the public press.

"Are these pleas in these matters in anywise contingent upon any action with respect to the other indictments?

"MR. BULKELEY: The only arrangement, Your Honor, that we had in these cases is that Mr. BLACKMER will enter a plea in one case, this 5932, and after he enters a plea in that case we will then dismiss the perjury cases.

"THE COURT: What are the numbers of the perjury cases?

"MR. BULKELEY: The perjury cases are Nos. 5933, 5934, 5936, and 5937.

"I wish to state to Your Honor that cases numbered 5932 and 5935--while there are six of these cases, three of them are really duplicates. Case No. 5935 is a duplicate of Case No. 5932. In other words, two different indictments were drawn and they were both filed, but they cover identically the same alleged charges.

"In the four perjury cases there are really only two years in which it is alleged that perjury was committed. So there are really only three cases here and the other three are really duplicates.

"THE COURT: What is the basis or the reason that the Government proposes to dismiss the so-called perjury cases?"

Thereafter, Mr. BULKELEY explained in detail that the evidence would not support a perjury conviction. The following exchange took place:

".....The attorney for Mr. BLACKMER, Mr. ROBERTS, who is here in court, came to me and made the suggestion that Mr. BLACKMER would be willing to plead guilty to the tax evasion case if we were willing to dismiss the perjury cases. In view of the fact that it would be impossible to ever secure convictions or ever try the perjury cases, I saw no reason why I shouldn't accept that proposition. That is the only and the whole proposition that has been made in these cases, Your Honor.

"Upon Mr. BLACKMER's entering a plea of guilty to the tax evasion cases we would then dismiss the perjury cases. That is the whole situation that we have, Your Honor.

"THE COURT: I called this matter up before the pleas were entered for this reason: Nothing that I may say, Mr. BULKELEY, in anywise is intended to reflect upon you or your judgment or those in the Department with whom I assume you have consulted and been directed with reference to these matters. But before I will pass on any motion to dismiss the perjury counts I want you

to turn over to me your complete file with respect to this matter, your statement that you have read to me, and all facts in your control and at your command that will enable the Court to determine whether in his opinion these matters should be dismissed.

"In other words, I have to satisfy my own judgment and my own conscience as to whether I should entertain your motion and dismiss these charges. Of course, if, after I have had presented to me and had a chance to thoroughly and carefully study all of your files and records, all investigations that have been made by the F.B.I. or any other person in behalf of your office--if I should reach a conclusion that it is utterly impossible to sustain the perjury charged and that a trial would be entirely futile, of course, I would be disposed to entertain your motion and at your request dismiss the perjury counts; but I am not willing to do that until I have had all of your facts, every bit of information that is pertinent that you can furnish me, and have gone over it carefully myself and reached my own considered judgment. I feel that is a responsibility in this matter that I should discharge. If it is the desire of you and Mr. ROBERTS to continue the matter until I have reached a conclusion, I am willing to accept the pleas on the other indictments at this time.

"MR. BULKELEY: If the Court please, I have no objection whatsoever to turning the files over to Your Honor and letting you examine them; that's perfectly agreeable. I might say further, of course, that I have been in contact with the Attorney General's office in Washington and he has approved this arrangement, and I have his letter here."

The following Air Mail-Special Delivery letter prepared for the signature of CAUDLE by EDMUND D. DOYLE was dispatched to BULKELEY on October 28, 1949:

"Dear Mr. Bulkeley:

"Will you kindly advise whether Judge PHILLIPS has set a date for the sentencing of this defendant.

"In our letter to you of September 21, 1949, we requested that Government counsel make no recommendation as to sentence. In the event the Court should insist that you make a recommendation, you are authorized to make the following statement to the Court:

"It is the request of the Department of Justice that I recommend a year on each count, such sentences to run concurrently, together with the maximum fine on each count, and costs.

"Sincerely yours,"

Judge PHILLIPS dismissed the perjury charges on November 2, 1949, and imposed a fine of \$5,000. on each of the four counts of tax evasion to which BLACKMER had entered a plea of guilty on September 26, 1949.

In passing sentence, Judge PHILLIPS remarked in part:

"I have carefully examined the files, reports and documentary evidence furnished me by the United States Attorney and also a voluminous file of reports and documentary evidence furnished to me at my request by the Intelligence Unit of the Internal Revenue Service, Treasury Department."

"Accordingly, it is my conclusion that the government could not establish the perjury charges by evidence, that a trial on the perjury charges would be a vain and useless effort, and that the motions of the United States are granted and each of the indictments in the above cases are dismissed."

Judge PHILLIPS further remarked in connection with the tax evasion cases:

"In view of the foregoing considerations (matter of poor health and age) and also the circumstances under which the incorrect income tax returns were made, as reflected by the investigation of the reports and other evidence, I do not believe the ends of justice would be served by sentencing the defendant to jail and it is my considered judgment that no such penalty should be imposed.

"The defendant has long since paid the additional taxes asserted by the Commissioner of Internal Revenue with heavy civil penalties.

"The judgment and sentence of the court is that the defendant pay the United States fines aggregating twenty thousand dollars."

D.C.
No mention of JOSEPH B. ~~KEENAN~~ was noted in this Department of Justice file.

PASSPORT DIVISION, DEPARTMENT OF STATE FILE REVIEW

Files of the Passport Division, Department of State, reflect Passport 237779, valid for travel to all countries, was issued HENRY M. BLACKMER by the Department of State on December 16, 1922. When applying for this passport, BLACKMER, born July 4, 1869, Worcester, Massachusetts, stated he intended to go abroad temporarily on business and travel and intended to return to the United States within twelve months. This passport was to expire December 16, 1924.

BLACKMER applied for another passport before the American Consulate General, Paris, France, on September 24, 1924, and was issued Passport 481769 by the Department of State, Washington, D. C., on October 8, 1924. BLACKMER again indicated he intended to return to the United States within one year.

Passport 250085 was issued BLACKMER by the Department of State on June 16, 1926. He applied for this at the American Consulate General, Paris, France, on May 25, 1926.

On February 14, 1927, a message from the Passport Division was dispatched to certain American Consular Officers in Europe with regard to the cancellation of the passport issued to HENRY M. BLACKMER. Passport 250085 was

returned to the Department of State, Washington, D. C., by the American Consulate, Nice, France, on April 20, 1929. The Consul indicated it had been found in the safe.

When applying for a passport on June 4, 1948, BLACKMER made the statement his last passport "had been delivered upon request on or about May 11, 1927, to the American Consul at Nice, France".

Subsequently, in 1927, BLACKMER attempted to obtain a passport but was advised by American Consul General A. GAULIN, Paris, France, on October 11, 1927, upon Departmental instruction, that only a passport valid for his return to the United States could be issued him.

This Passport Division file indicates "Colonel" EUGENE MILLIKIN, an office associate and close personal friend of Senator KARL C. SCHUYLER of Colorado, conferred with Assistant Secretary of State J. G. ROGERS on February 20, 1933, in an unsuccessful effort to have BLACKMER's seized passport returned to him.

On June 4, 1948, BLACKMER applied to the American Consulate, Geneva, Switzerland, for a passport. He indicated he had been last married on February 1, 1939, to ~~KAYA NIDE-NORENA, born NANSSEN, at Henton, Norway in April 1884,~~ and intended to return to the United States within one year to reside permanently.

D.C. Blackmer

JOSEPH M. HARTFIELD wrote a letter under date of June 22, 1948, to Under Secretary of State ROBERT P. LOVETT, Washington, D. C., in an effort to cause a passport be issued BLACKMER. HARTFIELD enclosed a "Memorandum for State Department, respecting application for Passport by HENRY M. BLACKMER, a native citizen" in which it was stated in part:

"Mr. BLACKMER remained in France from 1924 until after the establishment of the so-called Vichy Government in 1940, when he went to Geneva, Switzerland where he has continuously resided, and it is still his place of residence.

"In common with all citizens residing in certain foreign countries, his assets in this country were "blocked", and full information with respect to these assets was furnished to the representatives of the United States Treasury in New York, viz., the Federal Reserve Bank of New York, long prior to June 22, 1942, when considerable publicity was given to the fact that these assets had been so "blocked".

"Under date of January 21, 1947, the Federal Reserve Bank of New York unblocked these assets, and issued the license for the return of the securities and deposits to this United States citizen.

Mrs. Henry M. Blackmer v.c.

"Mr. BLACKMER has been advised that he can within a short time acquire citizenship in Switzerland, where he has resided as indicated above. Mr. BLACKMER is very reluctant to do this and will only do so if he cannot obtain a United States passport. He is of course mindful that if he acquires Swiss citizenship his estate will not be compelled to pay any Federal Estate tax in the United States and this would involve a saving to his estate of many millions of dollars. If, however, he can obtain a passport in the usual form, ~~he must continue to pay his income taxes, and to have his~~ estate subject to the inheritance and estate taxes paid by other citizens."

The passport application was disapproved by the Department of State on August 24, 1948, and the American Consulate at Geneva so advised.

The Passport Division file contains the carbon copy of a letter directed by PEYTON FORD, The Assistant to the Attorney General, to Colonel JOSEPH M. HARTFIELD, White and Case, 14 Wall Street, New York 5, New York, on September 16, 1948, advising:

"My dear Colonel Hartfield:

"This is in response to your letter of September 2, 1948, relative to Mr. HENRY M. BLACKMER.

"I have discussed this matter with the Attorney General, and wish to advise that this Department would interpose no objection to the issuance of a passport to Mr. BLACKMER, provided such passport is issued for the sole purpose of Mr. BLACKMER's immediate return to the United States.

"Yours sincerely,"

Initials appearing on this letter indicate it was prepared for the signature of FORD by M. J. HORAN.

D.C.
The Passport Division file also contains a Department of State "Memorandum of Conversation dated July 25, 1949, recording a conversation between PEYTON FORD and JACK B. TATE of the Department of State." It reads:

"Mr. PEYTON FORD, Assistant to the Attorney General, called me Saturday to discuss the case of HARRY N. Blackmer

BLACKMER. Mr. BLACKMER is in Europe where he has been for some time and is under indictment for violation of the income tax laws. He desires to return home to Denver, and the Department of Justice wishes him to do so in the expectation that he will file a plea to the charges against him upon his return. Mr. FORD asked me if I could arrange to have a passport issued to Mr. BLACKMER in order to enable him to return home. The Department of Justice does not wish him to receive a passport which would enable him to travel other than to the United States. The Department of Justice also desires that a visa be issued to Mr. BLACKMER's wife, who is a Norwegian. Mr. FORD emphasized that the matter of the passport and the visa should be handled in Paris rather than in Geneva. This request is based on the desire to avoid any publicity. Mr. FORD said that there had been some leak of information from the Consulate at Geneva and he therefore emphasized the desire of the Department that action not be taken in Geneva and that it be taken at Paris.

"I had a check made this morning with the Passport Division and was advised that there would be no difficulty about issuing the passport to Mr. BLACKMER in Paris with the limitation for use only in returning to the United States. I so advised Mr. FORD.

"The Visa Division advised that if Mrs. BLACKMER desired a visa other than as a temporary visitor, it would be necessary for her husband to file a petition with the Embassy at Paris on Form 133, which would be transmitted to the Attorney General and approved by him; that the Department be advised of the approval and so inform the Embassy at Paris. I advised Mr. FORD to this effect and he said that he would see that this procedure was followed and would let us know when we could be of further assistance."

In addition, the file contains a memorandum dated July 25, 1949,
reading:

"To: Mrs. Shipley
"From: Mr. Scanlan

"Mr. KEEGAN telephoned to me today and said that PEYTON FORD, the Assistant to the Attorney General, had telephoned to Mr. TATE and stated that BLACKMER desires to

return to Denver, that he does not desire to make application in Geneva and that he desires that authorization for the passport be sent to the Embassy at Paris. Mr. KEEGAN stated that Mr. BLACKMER does not desire to apply for a passport in Geneva because he believes that the consul would give publicity to the fact that he is returning to the United States. I told Mr. KEEGAN that BLACKMER might have difficulty in getting to Paris, but that is, of course, a matter for BLACKMER to work out. It may be that he could obtain a document from a French official in Switzerland for travel to Paris."

Passport Number 303 was issued to HENRY MYRON BLACKMER at Paris, France, on August 12, 1949, and was picked up upon his arrival at the Logan International Airport, Boston, Massachusetts, at 10:50 A.M., September 21, 1949. Later, this passport was extended by the Department of State to be valid until March 5, 1953, according to a statement of BLACKMER when applying for passport 741591 which was issued November 20, 1952, and authorized travel to France and Switzerland.

An unidentified newspaper clipping located in this file reads:

"JUSTICE DEPARTMENT WON'T RECOMMEND BLACKMER PENALTY

"The Justice Department will make no recommendation as to penalties when HENRY M. BLACKMER finally faces trial on a 21 year old tax evasion indictment, officials say.

"BLACKMER, Denver millionaire and prominent figure in the Teapot Dome scandals of the 1920's arrived in Boston two days ago after a 25-year exile abroad. He is scheduled to enter a guilty plea to the indictment at a hearing before a Federal Judge in Denver next week.

"The department through a group of tax experts who discussed the case with reporters, said the question of penalty will be entirely in the hands of the Judge.

"These experts corrected previous information made available by department sources which had stated that the indictment to which the guilty plea will be entered involved a possible jail term of one year and a \$5,000 fine.

"The tax attorney said the indictment contains four separate counts of tax evasion for the years 1920-23 and so carries possible penalties up to four years and a \$40,000 fine.

"They emphasized that BLACKMER actually is even with the Government on back tax payments as a result of the \$3,670,000 settlement of the old claims while he was a self-exile in France to avoid testifying in the Teapot Dome inquiries. The department said income taxes on the BLACKMER properties in this country have been paid regularly in recent years.

"The Justice Department said negotiations concerning the old charges against BLACKMER had been in progress since the return of six indictments against him in 1928 charging tax evasion and perjury in the making of income tax returns.

"It gave these details:

"More than a year ago the New York law firm of White and Case asked the department if it would dismiss the perjury indictments, make recommendations that the 81 year old defendant not be sent to jail and grant him a permanent general passport good for travel anywhere in the world if he should return and plead guilty to tax evasion.

"The department at the time refused those conditions.

"Then this spring JOSEPH B. KEENAN, a United States prosecutor in the Tokyo war crimes trials, became associated with White and Case in representing BLACKMER. Mr. KEENAN proposed a trial for the exile "in absentia," which was refused. He then renewed the proposal for a no-jail-sentence recommendation, which also was refused.

"Mr. KEENAN, the department said, then proposed that BLACKMER be given a passport for a return to plead guilty to one tax evasion indictment, with the department dismissing the perjury charges and the three remaining evasion indictments.

"This proposal was accepted on the recommendation of United States Attorney MAX M. BULKELEY at Denver.

"BLACKMER is due to arrive in Denver this week end to surrender to a United States Marshal there."

No mention of KEENAN was located in this file other than in the newspaper clipping set forth above.

REVIEW OF PERTINENT FILE OF TREASURY DEPARTMENT
FOREIGN FUNDS CONTROL SECTION

PAUL GEWIRTZ, Acting Chief, Foreign Funds Control Section, Office of Alien Property, explained Executive Order 8389 was promulgated April 10, 1940, in an effort to protect the assets and interests of Nationals of Invaded Countries. GEWIRTZ recalled Norway and Denmark were invaded by Germany on April 8, 1940, and the Executive Order caused the assets and funds of Nationals of these countries to be "blocked" in the United States. As other countries were invaded, the Executive Order was amended to cover them. On June 17, 1940, France was included under the Order. By June 14, 1941, practically all of Continental Europe was "blocked".

Executive Order 8389 was the general "blocking" order. In addition, from time to time, the Foreign Funds Control Section was authorized to place special restrictive controls on the assets and funds of Nationals of Invaded Countries depriving them of certain privileges extended by General Licenses.

The assets and funds of BLACKMER were blocked in the United States under the general "blocking" order because he was classified as a French National by reason of his being a resident of France at the time the Executive Order was amended to cover that country. This was true even though BLACKMER was a United States citizen.

The BLACKMER file in the Foreign Funds Control Section contains a memorandum dated January 26, 1948, prepared by RELIA R. SHWARTZ, then Acting Director, Foreign Funds Control, in which it is noted that BLACKMER's assets in the United States amount to between 10 and 12 million dollars and the following comment is made:

"2. BLOCKING STATUS OF BLACKMER'S ACCOUNTS UNDER THE FREEZING CONTROL ORDER:

"As the Executive Order was extended to France and Switzerland, BLACKMER's accounts were automatically blocked as those of a National of France and Switzerland.

"Subsequently, on June 19, 1942, President Roosevelt addressed a memorandum to the Secretary of the Treasury

suggesting that since BLACKMER was a fugitive from justice, the Government should take steps to sequester all of his known assets. Accordingly, Foreign Funds Control immediately took steps to place special restrictive controls over BLACKMER's accounts depriving them of practically all the general licenses.

"The special controls remained in effect with respect to BLACKMER's accounts until the Spring of 1946 when they were removed in connection with the Control's ~~program to lift controls as rapidly as possible consistent with the National interest.~~ Thereafter, the accounts reverted to their earlier blocked status as accounts of a National of France and Switzerland.

"As of the present time we do not know whether these funds are or are not still blocked for under the existing certification procedure for releasing blocked funds, certifications are made by the appropriate foreign government to the private American custodian holding the assets for the blocked person. Treasury receives no reports on individual accounts released under this procedure."

GEWIRTZ further explained that since World War II there have been three ways by which BLACKMER could cause his accounts to become "unblocked". His return to the United States would act to "unblock" the accounts; he might make application while residing abroad, approval of the application would act to "unblock" the accounts; and lastly, he might cause the Government of the nation in which he is domiciled to make certain certifications to the custodian of the accounts. This would cause them to become "unblocked".

GEWIRTZ noted it was possible BLACKMER's accounts might have been "unblocked" on January 21, 1947, by the Federal Reserve Bank of New York as indicated in HARTFIELD's memorandum located in the Passport Division's file. This would have been upon the receipt of proper certifications from the Swiss Government. However, the file reflects the custodian of BLACKMER's accounts was the New York Trust Company, 100 Broadway, New York City. In any event, GEWIRTZ states, the accounts would have been "unblocked" by BLACKMER's return to the United States on September 21, 1949.

WFO 62-7249

INFORMATION REGARDING PRESENT LOCATION OF JOSEPH B. KEENAN

Department of Justice personnel records reflect JOSEPH B. KEENAN was appointed Special Assistant to the Attorney General on July 7, 1933; was promoted to Assistant Attorney General in charge of the Criminal Division on October 24, 1933, and became the Assistant to the Attorney General on January 29, 1936. He voluntarily resigned February 28, 1939.

The current District of Columbia telephone directory reflects KEENAN maintains law offices in the Woodward Building, Washington, D. C., phone REpublic 7-2740.

WFO 62-7249
WEF:cbs

INTERVIEWS WITH DEPARTMENT OF JUSTICE PERSONNEL

MEYER ROTHWACKS

~~MEYER~~ ROTHWACKS, now Chief of the Criminal Section, Tax Division, advises he had no personal connection with the ~~HENRY BLACKMER~~ Case other than the file review memorandum he submitted on September 2, 1948, as reflected on Page 23 of this report. ROTHWACKS noted that it has long been the policy of the Tax Division to refrain from making any recommendation regarding sentence, preferring to leave this to the discretion of the Court. If unavoidable and no alternative presents itself, a recommendation will be made. A jail sentence and fine will be recommended. ROTHWACKS pointed out there is nothing unusual or irregular in the Department's recommending charges be dismissed should the defendant agree to enter a guilty plea to the principal charge or charges. In addition, ROTHWACKS noted he had never known or heard of anything indicating a "deal" in the handling of the BLACKMER Case, using the word "deal" in an unfavorable sense.

JOHN H. MITCHELL

JOHN H. MITCHELL, Trial Attorney, Criminal Section, Tax Division, states he formerly acted as Chief of the Criminal Section in the absence of TURNER L. SMITH and this probably was the reason he participated in the Hartfield Conference with GEORGE A. STINSON on August 3, 1948, as reflected on Page 22 of this report and this was also the reason why WILLIAM A. PAISLEY contacted him as reported on Page 29 herein. MITCHELL could furnish nothing in addition to that set forth in the above two memoranda stating he had never heard of anything unfavorable regarding the handling of the BLACKMER Case. MITCHELL furnished substantially the same information with reference to Tax Division policy as did ROTHWACKS.

WILLIAM A. PAISLEY

WILLIAM A. PAISLEY, now Chief, Trial Section, Criminal Division, states he prepared the telegram to United States Attorney MAX M. BULKELEY authorizing the

dismissal of the perjury indictments upon a plea of guilty or nolo contendere in the tax evasion cases. This was done upon the specific instruction of his boss, Assistant Attorney General ALEXANDER M. CAMPBELL, because the United States Attorney desired a prompt reply. PAISLEY quickly noted ALEXANDER M. CAMPBELL headed the Criminal Division D.C. and RAYMOND P. WHEARTY was the First Assistant. In their absence, PAISLEY states, he handled those matters requiring immediate attention so that the work of the Division would progress smoothly. With reference to the BLACKMER matter, PAISLEY reports he was surprised the BULKELEY

letter of August 4, 1949, was routed to the Criminal Division rather than the Tax Division since the case was a tax matter. However, since CAMPBELL instructed him to prepare a reply of approval, he did that. Before doing so, PAISLEY recalls, he made what inquiry possible in an effort to determine whether there was any reason not to approve the Defense Counsel's offer. He learned none but as a precaution he added the restriction to his approval of the outgoing telegram that it had to first be cleared with the Tax Division. PAISLEY states he was extremely cautious in his preparation of the approval telegram because he was aware this was a case which had been in the Tax Division a number of years and he thought it strange the approval for its ultimate disposition was being made by the Criminal Division rather than the Tax Division. He was also aware there probably would be a great deal of newspaper publicity concerning its ultimate disposition.

PAISLEY states his activity in the BLACKMER case is accurately set forth in his memorandum of August 19, 1949, reported on Page 28 herein and JOHN H. MITCHELL's memorandum appearing on Page 29.

EDMUND D. DOYLE

Previous inquiry at the Department of Justice has determined EDMUND D. DOYLE is now a practicing attorney with offices at 50 West Broad Street, Columbus, Ohio. It was noted in the Department of Justice file review that DOYLE was the basic Attorney to whom the BLACKMER case was assigned. References to DOYLE appear on Pages 31, 32, and 38 of this report.

JAMES M. MC INERNEY

JAMES M. MC INERNEY, now Assistant Attorney General in Charge of the Lands Division, recalls he was in the Denver Courtroom when BLACKMER appeared on September 26, 1949, before Judge PHILLIPS. This was on a Monday. On either the previous Friday or Saturday he had been instructed by Assistant to the Attorney General PEYTON FORD to go to Denver and be in the Courtroom when the BALCKMER matter came up to insure that United States Attorney BULKELEY would make no recommendation as to sentence. PEYTON FORD had been outraged on the previous Friday or Saturday upon reading press releases from Denver indicating BULKELEY had stated he believed BLACKMER should receive only a fine and no prison sentence if a guilty plea to the tax evasion charges were entered. MC INERNEY was to inform the Court BULKELEY was not speaking for the Department should he repeat the earlier statements attributed to him. MC INERNEY states there was no secrecy connected with his appearance in Denver for on his arrival he went to the United States Attorney's Office and during the Courtroom proceedings sat at a table near the Government Counsel. MC INERNEY recalls the Department desired that no recommendation regarding sentence be made but that if it became necessary that a recommendation be made he was instructed to recommend a year jail sentence. However, as it turned out, Judge PHILLIPS did not pass sentence on September 26 and did not ask for any recommendation.

MC INERNEY was asked his opinion as to why United States Attorney BULKELEY's letter of August 4, 1949, was routed to ALEXANDER M. CAMPBELL in the Criminal Division rather than T. LAMAR CAUDLE in the Tax Division. MC INERNEY explained there has never been a set policy in the Department on charges growing out of income tax cases. The tax case as such is handled by the Tax Division whereas charges such as perjury growing out of the tax case might be handled either by the Tax Division or the Criminal Division. MC INERNEY feels BULKELEY's letter was routed to the Criminal Division because the dismissal of the perjury charges was involved but could have been just as easily routed to the Tax Division. Apparently, Assistant Attorney General CAMPBELL took the necessary action upon receiving the letter because BULKELEY desired a prompt reply.

MC INERNEY attaches no significance to the approval being made by the Criminal Division.

Assistant Attorney General MC INERNEY also recalls JOSEPH B. KEENAN was in to see him on several occasions with reference to the BLACKMER matter. To the best of MC INERNEY's recollection, KEENAN was attempting to have the case settled by having BLACKMER enter a nolo contendere plea. KEENAN never offered to make any arrangements concerning sentence but concerned himself principally with the type plea BLACKMER would enter. MC INERNEY notes he has always been of the opinion KENNAN did his client a great dis-service by not asking for dismissal of the tax evasion indictments rather than discussing the plea which BLACKMER would enter.

It was pointed out by MC INERNEY that KEENAN had formerly been a top official in the Department of Justice and, for that reason, was used to contacting top men. MC INERNEY is under the impression KEENAN was in to see PEYTON FORD concerning the BLACKMER Case from time to time. However, MC INERNEY is not aware that PEYTON FORD had any personal or unusual interest in the BLACKMER Case. At least, it was never noted by MC INERNEY if such existed.

MC INERNEY vaguely recalls one of the arguments advanced by KEENAN was that BLACKMER desired to return to this country and die here rather than abroad. KEENAN pointed out if this were true the Government would gain from the inheritance taxes on his estate whereas should BLACKMER not return he would become a Swiss citizen and the United States would lose the inheritance tax.

ALEXANDER M. CAMPBELL

Previous inquiry at the Department of Justice has determined former Assistant Attorney General CAMPBELL now maintains law offices in the Lincoln Tower Building, Ft. Wayne, Indiana. Reference to CAMPBELL's activity is made on Page 28 of this report.

WFO 62-7249

T. LAMAR CAUDLE

Previous inquiry at the Department of Justice has determined former Assistant Attorney General T. LAMAR CAUDLE now maintains law offices at Wadesboro, North Carolina. CAUDLE approved the telegram to United States Attorney BULKELEY as reflected on Page 30 of this report. CAUDLE also headed the Tax Division. References to CAUDLE are made on Pages 28, 30, and 31 herein.

PEYTON FORD

The current Washington, D. C., telephone directory reflects former Assistant to the Attorney General PEYTON FORD maintains law offices at 918 16th Street, N. W., telephone National 8-0050.

- P -

ADMINISTRATIVE PAGE

The Bureau has instructed this investigation be assigned experienced and mature personnel to assure its completion without undue delay.

The Department of Justice has requested the Bureau make a complete investigation into the statements and charges made in the following unsigned communication to determine whether there has been any violation of Sections 201, 202, 206, 207, or 371 of Title 18, United States Code. The Department points out that if any offenses were committed, prosecutive action would now be barred by the Statute of Limitations. It is important, therefore, that the investigation give special attention to the development of facts which would indicate whether such offenses were of a continuing character.

"BLACKMER, HENRY M.

"Indicted 1928--six indictments. Some 14 counts. Four indictments were perjury charges--felonies. Other two were misdemeanors. All center on income tax evasion.

"BLACKMER pleaded guilty to one misdemeanor--all other charges were dismissed. Maximum penalty under the misdemeanor was one year in prison, \$10,000 fine, per count. He paid \$20,000--half the maximum fine, no jail.

"BULKELEY, U. S. atty, admitted the case was handled by 'prearranged deal' handled by B's attys and atty gen. office. KEENAN denies any deal, as BLACKMER atty.

"Penalty on dismissed indictments was five years in prison, plus fine, per count. He could have been put away for the rest of his life, but he never served a day. Got less fine than he figured, appeared in clerk's office with \$40,000, took half of it home with him.

ADMINISTRATIVE PAGE

"BLACKMER paid almost \$4 million in back taxes, interest and penalties. But the statute of limitations had run on the evaded taxes of the late teen years. Indictments cited years of 1920 and 1921.

"1--High treasury officials in Washington say BLACKMER had to return to U. S. to recover some \$10 million seized by foreign funds control during war. Told NOVER that funds were unblocked when BLACKMER landed in Boston. As long as fugitive, funds were blocked.

"2--MC INERNEY, MC GRATH's top assistant, called me last night, scared, wants to check files, will call today. Says he never heard of the \$10 million angle, checked all agencies before making BLACKMER deal, never found the 10 million. Will check it out today, he says, but pleads for more time. He was first asst. tax division when case closed in '49. Boss was CAUDLE.

"3--MC INERNEY says that he was told treasury wanted BLACKMER back in this country to die, as BLACKMER claimed, because it would net U. S. \$3 million in inheritance taxes. But now, MC says, BLACKMER outsmarted us again, U. S. won't get a dime because B is back in Switzerland to die.

"4--MC INERNEY came to Denver, sat in courtroom when BLACKMER case came up. This was carefully guarded secret til now and only four or five people here know it. MC says it was to recommend year in prison, maximum fine, but PHILLIPS never asked for recommendation so none was ever given, except BULKELEY's out of court, no jail recommended, which MC says dept. didn't like.

"5--BLACKMER paid half of maximum fine, no jail on plea of age, health. Case was cited as precedent in later PETE DEMIS tax case involving \$108,000. DAN DIAMOND led delegation of Greeks

ADMINISTRATIVE PAGE

to PHILLIPS after PHILLIPS gave DEMIS eight months. Greeks claimed DEMIS sentence was discriminatory, cited BLACKMER case, also produced doctors certificates. DIAMOND wrote Big ED along same lines, Big ED wrote BULKELEY to see what could be done to commute sentence. Shortly thereafter PHILLIPS commuted sentence, DEMIS never went to jail.

"6--Law firm of White and Case, NYC, got KEENAN into case. We have long file from WAYNE PHILLIPS on KEENAN, called fixer of highest level by Newsweek, SATVEPOST, but has illustrious career. KEENAN went to Big Ed, Big Ed called BULKELEY, introduced KEENAN as 'big shot democate', treat him nice,' BULKELEY says.

"7--PEYTON FORD and MC says charges dismissed along lines laid down by Atty Gen. MITCHELL under HOOVER. MITCHELL denies this, says he never approved any action on criminal charges, says he thought perjury cases--the felonies which were dismissed while one minor misdemeanor case was prosecuted--were good enough to try. Files show many top officials doubted whether cases would stand up.

"8--BLACKMER, DEMIS cases now being cited as precedents, by defense. U. S. privately fears that even if we do come up with some top racket tax cases, these two precedents may keep jail terms to minimum, if any.

"9--PHILLIPS rose to power in New Mexico and to federal bench while ALBERT FALL was the one and only political power in N. M. FALL went into HARDING cabinet from senate. FALL left cabinet in March, 1923, same time PHILLIPS got federal judgeship. BLACKMER was to have been witness against FALL in Teapot Dome.

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"10--PHILLIPS did not even censure BLACKMER in court despite his notorious career. This is very sore spot with federal officials, particularly bureau of internal revenue.

"11--PHILLIPS took case altho court attaches say many visiting judges were in Denver while SYMES sick. BLACKMER returned only after SYMES became very ill, never returned to bench.

"12--SYMES is said to have personally blocked BLACKMER settlement as finally carried out, and so did IVOR WINGREN and TOM MORRISSEY, I'm told. Haven't talked to them. They are supposed to know case thoroughly, but WINGREN is close to PHILLIPS, MORRISSEY reportedly won't talk.

"13--Standing talk in court that BLACKMER had standing offer of \$100,000 to anyone who could keep him out of jail and clear up charges. MILLIKIN tried in early '30's. So did a KIRBY of St. Louis, partner of NAGEL, commerce secretary under TAFT. MITCHELL says KIRBY approached him on case because MITCHELL was personal friend of KIRBY's. M says KIRBY offered \$3 million to dismiss criminal charges, M refused, but now does not recall what the money represented--may have been only taxes plus penalties, which were paid up in 1933 in full--about \$4 million.

"KEENAN gave us no information, but actually lied on the surface. Said funds were clear in 1947. Stressed that his sole effort in case was to get passport for a fugitive wanted by this country for 25 years, a fugitive who was represented by one of the biggest Wall street firms who called KEENAN in.

"KEENAN claimed he never talked to anyone anywhere, in Denver or Washington, about dropping any charges, taking any pleas, dismissing any cases, or the question of jail. Said he used no influence or any connections.

ADMINISTRATIVE PAGE

"BLACKMER's sole motive, KEENAN said, was to end his many years as a man without a country. He said the inheritance tax question never entered case. Emphatically denied any deal.

"Only asked justice to give him a passport so he could come home for trial. Reason he was called in, he said, was because there are right and wrong ways to make such requests and approaches.

"BLACKMER, he said, just wanted to live in Denver. But health certificates B offered at times showed he could not live here more than 24 hours without risking his life. KEENAN said B soon went back to Geneva, and was in this country only twice briefly since.

"KEENAN said he talked to MILLIKIN to find out where B was in 1920's, date of offenses. Talked to Big ED to 'get background.' KEENAN told Big ED B had to choose between U. S. and Swiss citizenship and wanted U. S. Big ED, he said, agreed because he wanted to collect the inheritance, estate and income taxes.

"Top man in treasury department is source of information that BLACKMER had to return to U. S. to collect his \$10 million.

"I am withholding his name since that was part of the agreement if he would check our tip and either verify or deny it. He verified it. Tip came originally from federal official who should know in Denver, was prevalent thru many present and past officials who knew about case.

"The Washington man stood pat on his verification even when I tried to shake him on it. Stood pat even in face of denials from Ny bank, MC, and KEENAN. Said there were two freezes on B accounts, one lifted in 46 or 47, the other 'the day B returned to this country and not before.'

ADMINISTRATIVE PAGE

"Said freeze completely tied up accounts until B returned. He left just one loophole--said some accounts, more complicated than others, managed to evade second freeze. If B did, he said, it was improper, but possible that he did have access to his account after first freeze was lifted in 47. But if he did, it was just because he pulled a fast one and didn't get caught.

"Summing up, KEENAN stressed that he made only one arrangement with anyone, and that was with justice to get passport so B could go into court and take his chances like any other suspect, the passport to be picked up in Boston on his arrival. KEENAN said he only wanted to notify U. S. B wanted to enter a plea, but did not talk of what kind of plea to what cases. And finally, KEENAN, said, he just wanted to set a date for trial of the perjury cases-- which cases were dismissed, four of them, while one misdemeanor guilty plea was taken.

"MC INERNEY disputed many parts of KEENAN story, but also insisted that the funds were unblocked in 1947--two years before B returned. MC said he got a confirmation of this from BLACKMER's lawyers who checked with the New York Trust company.

"But he said 'not true' that KEENAN only wanted a passport and did not talk about the cases. Said he talked to KEENAN about the cases, pleas, dismissals, etc.

"MC repeated the \$3 million inheritance story, said he found memo on it in files.

"MC said KEENAN never talked about any trial date for perjury cases. And FORD, exdeputy atty gen. never got into cases unless someone approached him. FORD, he said, ordered him to Denver. FORD, he said, never handled any cases unless there was some outside approach, the position he held never interested in any specific cases, an administrative job. Strong implication KEENAN must have talked to FORD."

ADMINISTRATIVE PAGE

LEADS

THE CINCINNATI OFFICE:

AT COLUMBUS, OHIO:

Will interview EDMUND D. DOYLE, 50 W. Broad Street, to determine whether he has any knowledge of a "deal" in this case as alleged in the above unidentified statement. DOYLE should be asked why BULKELEY was permitted to plead guilty to one misdemeanor indictment while all other charges against him were dismissed.

THE CHARLOTTE OFFICE:

AT WADESBORO, NORTH CAROLINA:

Will interview T. LAMAR CAUDLE to determine whether he has any knowledge of a "deal" in the handling of this matter as alleged in the above unidentified statement. CAUDLE should be specifically asked the reason why United States Attorney BULKELEY's letter of August 4, 1949, was routed to the Criminal Division rather than the Tax Division and whether he attaches any significance to this. CAUDLE should be asked why BLACKMER was permitted to plead guilty to one misdemeanor indictment while all other charges against him were dismissed.

THE INDIANAPOLIS OFFICE:

AT FT. WAYNE, INDIANA:

Will interview ALEXANDER M. CAMPBELL, Lincoln Tower Building, along the same lines set forth for CAUDLE.

ADMINISTRATIVE PAGE

LEADS

THE NEW YORK OFFICE:

AT NEW YORK, NEW YORK:

Will make inquiry at the New York Trust Company, 100 Broadway, New York City, to determine when the "blocked" funds of BLACKMER became "unblocked", and the reason for such action.

THE ST. LOUIS OFFICE:

AT ST. LOUIS, MISSOURI:

One copy of this report has been designated for the St. Louis Office since the file reviews reflected herein might be of assistance to that office in the event subsequent investigation develops leads for that office.

THE WASHINGTON FIELD OFFICE:

AT WASHINGTON, D. C.:

Will interview PEYTON FORD, 918 16th Street, N. W. His secretary has indicated he will not be available for interview until after February 5, 1953.

REFERENCE: Bureau letter to Denver dated January 19, 1953.

SAG, Denver (58-35)

February 5, 1953

Director, FBI (62-98634)

mjs
Paul
UNKNOWN SUBJECTS, ALLEGED IRREGULARITIES
IN CONNECTION WITH THE INCOME TAX CASE OF
U.S. VERSUS HENRY M. BLACKMER (UNITED STATES
DISTRICT COURT, DENVER, COLORADO)
BRIBERY
MISCONDUCT IN OFFICE

All offices are instructed to expedite remaining interviews in this investigation. Reports should be submitted to the attention of Assistant Director A. Rosen.

If for any reason the remaining interviews are to be delayed, the Bureau should be advised by return mail. That advice should include the reason the interview is being delayed, when it is contemplated the interview will be conducted and when the report will be submitted.

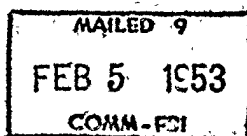
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1-Washington Field

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Assistant Attorney General
Warren Olney III
Director, FBI

February 4, 1953

UNKNOWN SUBJECTS;
Alleged Irregularities in Connection
with the Income Tax Case of United States
vs. HENRY M. BLACKMER, United States
District Court, Denver, Colorado;
MISCONDUCT IN OFFICE; BRIBERY

U. I. R. 3

Reference is made to the memorandum from former
Assistant Attorney General Charles B. Murray dated January 12,
1953, (initials GEM:GND:mam) requesting investigation in cap-
tioned matter which had previously been referred to as "Henry M.
Blackmer; Miscellaneous - Information Concerning."

There are attached copies of the reports of Special
Agent William A. Halpin dated January 29, 1953, at New York,
New York; Special Agent Fred G. McGeary dated January 30, 1953,
at Denver, Colorado; and the report of Special Agent William E.
Fenimore dated February 3, 1953, at Washington, D. C. There are
also attached Photostats of the exhibits referred to in the
reports of Special Agents McGeary and Halpin.

The remaining investigation is being expedited and
copies of reports as received at the Bureau will be furnished to
you.

Attachment

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The investigation remaining covers interviews with
persons not presently available and leads developed as a result
of file reviews and interview to date.

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Belmont _____
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Harbo _____
Rosen _____
Tracy _____
Mullen _____

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT

DENVER

REPORT MADE AT CHARLOTTE	DATE WHEN MADE 2/11/53	PERIOD FOR WHICH MADE 2/9/53	REPORT MADE BY K. SHUFORD MICHAEL :JN
TITLE UNKNOWN SUBJECTS; ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF UNITED STATES vs. HENRY M. BLACKMER (UNITED STATES DISTRICT COURT, DENVER, COLORADO)			CHARACTER OF CASE MISCONDUCT IN OFFICE; BRIBERY

SYNOPSIS OF FACTS:

ATTENTION ASSISTANT DIRECTOR A. ROSEN

T. LAMAR CAUDLE, Wadesboro, N. C., former Assistant Attorney General in charge of Tax Division, Washington, D. C., advised not familiar with pertinent facts in BLACKMER case. Only conference he can recall holding in connection with this case was with JOSEPH KEENAN, Attorney, several months before case disposed of. Could not recall specific details of conference with KEENAN. Recalled case again brought to his attention on eve of the trial when press put out a story that an agreement had been reached with BLACKMER regarding punishment in this case. CAUDLE stated he recalled a letter directed to the USA at Denver, Colo., over his signature not to make any recommendations as to punishment. CAUDLE advised not familiar with perjury indictments in this case, which were handled by the Criminal Division through Mr. PEYTON FORD, but recalled Judge ORRIE PHILLIPS reviewing all records this case, who allowed BLACKMER

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APPROVED AND FORWARDED <i>[Signature]</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
COPIES DESTROYED		<div style="font-size: 2em; font-weight: bold;">62-96634-19</div> <div style="font-size: 1.5em; font-weight: bold;">RECORDED</div> <div style="font-size: 1.2em;">13</div>
<div style="border: 1px solid black; padding: 2px;"> COPIES OF THIS REPORT 3 - Bureau (62-96634) (Encl.) (RM) 2 - Denver (58-35) 1 - Washington Field (Inf.) (62-7249) 1 - Charlotte (62-1817) </div>		
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> FEB 14 1953 </div>		
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> STAT SECT. </div>		

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CE 62-1817

to plead guilty to one tax count
and dismissal of the Perjury
indictments.

- RUC -

DETAILS: The following investigation was conducted by
SA CHARLES A. DORSEY and the writer:

AT WADESBORO, NORTH CAROLINA

Mr. T. LAMAR CAUDLE, Attorney, former Assistant
Attorney General in Charge of the Tax Division, Department of
Justice, furnished the following memorandum, which he advised
contains all the information he can recall regarding instant
matter:

"Wadesboro, N. C.
February 9, 1953

"This statement is made this day to Special Agent
K. S. Michael and Special Agent C. A. Dorsey of
the Federal Bureau of Investigation:

"From my best recollection, several months before
the case against Henry Blackmer was disposed of
in Denver, Col., Mr. Joseph Keenan of the District
of Columbia Bar came into to talk with me about
Mr. Blackmer.

"I had heard of the case no doubt before then,
but never had an occasion to read the file. I
became somewhat familiar with it on Mr. Keenan's
visit and probably talked with the attorney who
knew the facts; I learned that Blackmer had been
indicted many years before on an income tax
evasion charge; that he was one of the characters
of the Teapot Dome Investigation; that he left
the country and had been gone since the return
of the indictment.

GE 62-1817

"Mr. Keenan, as best as I can recall, came to my office several months before the case was disposed of. We had a conference and at that time I was not familiar with the case and really don't remember what was said between us. Mr. Keenan left and I had no further conferences with him that I can recall.

"I talked with Mr. McInerney and he told me that as many as fifteen sets of lawyers had been in the department on this case since the return of the indictment, and I judged from his statement that he had obtained that knowledge from the files.

"I do not know the circumstances nor did I attend any conferences of any kind that I can remember with Mr. Ford or anybody else prior to the disposition of this case.

"Upon the eve of the trial, and I believe that I was out of the city when these conferences if any were held with Mr. Ford, I returned and found on my desk a letter addressed to the District Attorney with instructions which I was to sign. This letter was addressed to the District Attorney at Denver, Col. and from my recollection it was to the effect that the District Attorney was to make no recommendations to the court on the question of punishment.

"I inquired about the letter because I had not been in any of the conferences and I was assured either by Mr. Ford, or Mr. McInerney, that the letter had been cleared through channels and that it was proper for me to sign it. So I signed the letter and it was sent air mail to the district attorney.

"About this time the press was stirring up the subject and a fellow by the name of Daniels, a local correspondent in Washington called me.

"Asking if I had been in any conference with attorneys and had agreed that no punishment would be imposed on Blackmer. I told him that there was no such agreement and I related to him the fact that I had sent a letter to the District Attorney instructing him not to make any recommendations to the court on punishment.

"I recall that Mr. Ford requested Mr. James McInerney, my first assistant, to go to Denver. Mr. McInerney would not fly, but went by train.

"Referring to the letter of Mr. Buckley, the District Attorney of Denver, dated August 4, 1949, to Mr. Peyton Ford, Deputy Attorney General, asking for permission to dismiss the Perjury indictments and Mr. Ford's telegram to the District Attorney at Denver, Col., dated August 19, 1949, granting authority to dismiss the Perjury indictments upon plea of guilty in the tax cases. This correspondence would have to be handled by the Criminal Division because the tax division had no jurisdiction on Perjury cases; and further, the Criminal Division would then report its recommendation to Mr. Ford who was expected to act in accordance with his best judgment.

"You ask why was Blackmer permitted to plead guilty to a misdemeanor count in the indictment and not required to enter a similar plea to the Perjury of felony counts in the other indictments.

"The only answer that I can give is that my division had no jurisdiction on Perjury matters - they were in the jurisdiction of the criminal division, which had the files on the subject of Perjury, which division authorized through Mr. Ford the instruction to the District Attorney to dismiss as to Perjury but not as to tax cases. I was never consulted about the Perjury matter - I never did know the facts about the Perjury indictments that I can recall.

CE 62-1817

"I recall that before a sentence was imposed on Blackmer, Judge Orrie Phillips of Denver requested the Departmental files on the subjects of the indictments - meaning the Justice files - which were sent to him. After he studied them he imposed the sentence that was made, and permitted the Perjury indictments to be dismissed. Under the New Rules of Criminal procedure the Attorney General could not dismiss, leave of the court had to be obtained to dismiss any indictment.

"I do not know of any assets that Blackmer had that were blocked off during the war while he was a fugitive.

/s/ T. L. Caudle

"Witness:

K. S. Michael, SA, FBI, Charlotte, N. C.

G. A. Dorsey, SA, FBI, Charlotte, N. C."

Enclosure to Bureau: Memorandum submitted by T. LAMAR
GAUDLE, dated February 9, 1953,
Wadesboro, North Carolina.

- RUC -

CE 62-1817

- ADMINISTRATIVE PAGE -

It is noted that instant memorandum was submitted by Mr. CAUDLE, and contains several typographical and grammatical mistakes. The memorandum is being set out in this report with the typographical errors corrected.

One copy of this report is being forwarded to the Washington Field Office for information, inasmuch as instant report contains information which may be of importance to the Washington Field Office in conducting investigation in Washington, D. C., on this matter.

REFERENCE: Report of SA WILLIAM E. FENIMORE, Washington, D. C., dated February 3, 1953.

Bureau letter to Denver, dated February 5, 1953.

Wadesboro, N. C.

February 9, 1953

This statement is made this day to special agent K. S. Michael and special agent C. A. Dorsey of the Federal Bureau of Investigation :

From my best recollection, several months before the case against Henry Blackmer was disposed of in Denver, Col., Mr. Joseph Keenan of the district of Columbia Bar came into to talk with me about Mr. Blackmer.

I had heard of the case no doubt before then, but never had an occasion to read the file. I became somewhat familiar with it on Mr. Keenan's visit and probably talked with the attorney who knew the facts; I learned that Blackmer had been indicted many years before on an income tax evasion charge; that he was one of the characters of the Teapot Dome Investigation; that he left the country and had been gone since the return of the indictment.

Mr. Keenan, as best as I can recall, came to my office several months before the case was disposed of. We had a conference and at that time I was not familiar with the case and really don't remember what was said between us. Mr. Keenan left and I had no further conferences with him that I can recall.

I talked with Mr. McInerney and he told me that as many as fifteen sets of lawyers had been in the department on this case since the return of the indictment, and I judged from his statement that he had obtained that knowledge from the files.

I do not know the circumstances nor did I attend any conferences of any kind that I can remember with Mr. Ford or anybody else prior to the disposition of this case.

Upon the eve of the trial, and I believe that I was out of the city when these conferences if any were held with Mr. Ford, I returned and found on my desk a letter addressed to the District Attorney with instructions which I was to sign. This letter was addressed to the District Attorney at Denver, Col. and from my recollection it was to the effect that the District Attorney was to make no recommendations to the court on the question of punishment.

I inquired about the letter because I had not been in any of the conferences and I was assured either by Mr. Ford, or Mr. McInerney that the letter had been cleared through channels and that it was proper for me to sign it. So I signed the letter and it was sent air mail to the district attorney.

About this time the press was stirring up the subject and a fellow by the name of Daniels, a local correspondent in Washington called me. Asking if I had been in any conference with attorneys and had agreed that no punishment would be imposed on Blackmer. I told him that there was no such agreement and I related to him the fact that I had sent a letter to the District Attorney instructing him not to make any recommendations to the court on punishment.

I recall that Mr. Ford requested Mr. James McInerney, my first assistant to go to Denver. Mr. McInerney would not fly, but went by train.

Referring to the letter of Mr. Buckley, the District Attorney of Denver dated August 4, 1949, to Mr. Peyton Ford, Deputy Attorney General, asking for permission to dismiss the perjury indictments and Mr. Ford's telegram to the District Attorney at Denver, Col. dated August 19, 1949, granting authority to dismiss the perjury indictments upon plea of guilty in the tax cases. This correspondence would have to be handled by the criminal division because the tax division had no jurisdiction on perjury cases; and further, the criminal division would then report its recommendations to Mr. Ford who was expected to act in accordance with his best judgment.

You ask why was Blackmer permitted to plead guilty to a misdemeanor count in the indictment and not required to enter a similar plea to the perjury of felony counts in the other indictments.

The only answer that I can give is that my division had no jurisdiction on perjury matters- they were in the jurisdiction of the criminal division, which had the files on the subject of perjury, which division authorized through Mr. Ford the instruction to the District Attorney to dismiss as to perjury but not as to the tax cases. I was never consulted about the perjury matter- I never did know the facts about the perjury indictments that I can recall.

I recall that before a sentence was imposed on Blackmer Judge Orie Phillips of Denver requested the departmentals files on the subjects of the indictments- meaning the Justice files- which were sent to him. After he studied them he imposed the sentence that was made, and permitted the perjury indictments to be dismissed. Under the New Rules of Criminal procedure the Attorney General could not dismiss, leave of the court had to be obtained to dismiss any indictment;

I do not know of any assets that Blackmer had that were blocked off during the war while he was a fugitive.

J. J. Small

Witness:
K. L. Michael, S.A. FBI,
Charlotte, N.C.
C. A. Dorsey, S.A. FBI
Charlotte, N.C.

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT **DENVER**

REPORT MADE AT DENVER	DATE WHEN MADE 2/3/53	PERIOD FOR WHICH MADE 2/2/53	REPORT MADE BY FRED G. McGEARY
TITLE UNKNOWN SUBJECTS; Alleged Irregularities in Connection With The Income Tax Case of United States vs HENRY M. BLACKMER (United States District Court, Denver, Colorado)			CHARACTER OF CASE MISCONDUCT IN OFFICE, BRIBERY
SYNOPSIS OF FACTS: Mr. JOHN A. CARROLL, Denver, Colorado, former U. S. Congressman, advised he made inquiry of PEYTON FORD, Deputy Attorney General, and former USA, MAX M. BULKELEY, Denver, Colorado, when his suspicions were aroused due to expediency in handling final disposition of instant matter after BLACKMER's arrival in U. S. CARROLL reviewed old records of this case but did not cause nor partake in any investigation of the facts at that time.			
- P -			
DETAILS: Mr. JOHN A. CARROLL, 432 Equitable Building, Denver, Colorado, was interviewed by SAs BERNARD R. DeCOOK and Reporting Agent. Mr. CARROLL was a U. S. Congressman from Denver, Colorado from 1948 to 1950, and subsequently was Special Advisor to the President of the United States until January 20, 1953. Mr. CARROLL advised that he had no official connection with the disposition of the HENRY M. BLACKMER case, but as a result of certain press releases he observed in Washington, D. C. in September, 1949, reflecting the expedite manner in handling this case for disposition in the U. S. District Court at Denver, Colorado			
APPROVED AND FORWARDED: <i>[Signature]</i>		SPECIAL AGENT IN CHARGE	
COPIES OF THIS REPORT: 5 - Bureau (62-98634) 1 - Washington Field (Air Mail) 2 - Denver (58-35)		DO NOT WRITE IN THESE SPACES <div style="text-align: right;"> 62-98634-20 RECORDED-88 INDEXED-88 FEB 5 1953 17 </div>	

DN (58-35)

within a period of a few days after Mr. BLACKMER's arrival in the United States, he became inquisitive as to the reasons for this type of action. Mr. CARROLL stated that he telephonically communicated with Mr. PEYTON FORD, then Deputy Attorney General at Washington, D. C., within a few days before Mr. BLACKMER appeared in court on September 26, 1949, at Denver, Colorado. He stated he inquired of Mr. FORD how the arrangements had come about for Mr. BLACKMER's almost immediate appearance in court in Denver following his arrival in the United States. He stated that he told Mr. FORD that he was afraid this matter might create some bad publicity on the part of government officials since the case had previously gained national interest at the time of and following the Teapot Dome scandal. He advised Mr. FORD that it did not appear right to him that a man can be absent from the United States for a period of twenty-five years or more, and within a few days after his return, appear in Denver, Colorado for final disposition of his case.

Mr. CARROLL stated that Mr. FORD advised him that there was absolutely nothing irregular relative to the arrangements made for Mr. BLACKMER's appearance in Denver, and besides Mr. BLACKMER was an elderly individual and was reportedly in poor physical condition. He further stated that Mr. FORD informed him that there was not sufficient evidence to sustain convictions on any of the perjury indictments which had been returned against Mr. BLACKMER at Denver in 1928. Mr. CARROLL advised that he indicated to Mr. PEYTON FORD that it was this type of matter that might be the subject of a Congressional investigation.

Mr. CARROLL stated that after talking with Mr. FORD, he telephonically communicated from Washington with former United States Attorney, MAX M. BULKELEY, and inquired of him the reasons for the expediency in the government's handling of the BLACKMER case so soon after BLACKMER's arrival in the United States. He advised that Mr. BULKELEY answered him in approximately the same way that Mr. FORD had answered his question. Mr. CARROLL stated that he cautioned BULKELEY to be very careful and suggested that he take additional time to give full consideration to the disposition of this case.

Mr. CARROLL advised that on his own initiative he reviewed a considerable portion of the records of the Naval Reserve Hearings held in the 1920's in an effort to determine the

DN (58-35)

background of the BLACKMER case. He stated that he learned through newspaper stories in Washington that Judge ORIE L. PHILLIPS, in whom he has explicit confidence, was personally hearing the case, and that he thereafter took no further action in it. Mr. CARROLL went on to state that he feels that he is somewhat responsible, in view of his two phone calls, for the thorough study given by Judge PHILLIPS to the facts of this case prior to passing sentence on BLACKMER. He concluded that he had no factual information of any possible irregularities in the handling of this tax matter, and as previously stated was inquisitive only because of the publicity afforded to it by the press as well as the expeditious manner in which it was concluded.

- P -

DN (58-35)

ADMINISTRATIVE PAGE

A copy of this report is being forwarded to the Washington Field Office for its possible assistance in future inquiries by that office.

LEADS

DENVER DIVISION

At Denver, Colorado

Upon completion of the investigation presently pending in the New York, Washington Field and St. Louis Offices, the Denver Office will submit a closing report.

REFERENCE

Report of SA FRED G. McGEARY, Denver, dated 1/30/53.

~~SECURITY INFORMATION - CONFIDENTIAL~~

cc - Belmont

Assistant Attorney General
Criminal Division

January 30, 1953

Director, FBI

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 07-06-2010

JOSEPHINE BAKER
INTERNAL SECURITY - FR

Reference is made to our memorandum to the Attorney General, dated October 14, 1952, concerning the captioned individual.

Attached for your information is one copy of a memorandum, dated January 7, 1953, which contains information concerning the subject and reflects that she was formerly connected with French Intelligence.

It is requested that you advise us if the subject's connections with French Intelligence necessitate her registration under Section 20(a) of the Internal Security Act of 1950, as amended, in the event she returns to the United States.

The captioned individual is the subject of a current investigation by the Immigration and Naturalization Service.

(U) The foregoing information is being furnished the Department of State, the Central Intelligence Agency, and the Immigration and Naturalization Service. No investigation will be conducted by this Bureau in the absence of a specific request.

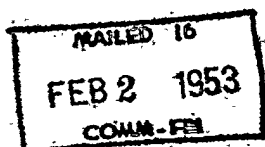
Attachment

62-95834

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SECURITY INFORMATION - ~~CONFIDENTIAL~~

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Harbo
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Tracy
Laughlin
Mohr
Tele. Rm.
Holloman
Gandy

60 FEB 6 1953

Assistant Attorney General
Warren Olney III

February 16, 1953

Director, FBI (62-98634)

UNKNOWN SUBJECTS;
ALLEGED IRREGULARITIES
IN CONNECTION WITH THE
INCOME TAX CASE OF UNITED
STATES VS. HENRY M. BLACKMER
(UNITED STATES DISTRICT COURT,
DENVER, COLORADO)
MISCONDUCT IN OFFICE, BRIBERY

There are attached copies of the reports of Special Agents Fred G. McGearry dated February 3, 1953, at Denver, Colorado; William E. Fenimore dated February 9, 1953, at Washington, D. C.; William A. Halpin dated February 10, 1953, at New York, New York; and K. Shuford Michael dated February 11, 1953, at Charlotte, North Carolina.

Remaining investigation is being expedited and you will be furnished copies of reports received at the Bureau.

Attachment

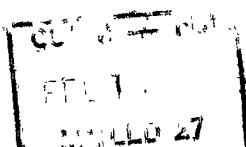
NOTE: There remain 3 interviews to be conducted with persons who were not immediately available and 1 interview with a person whose identity has just been disclosed to the Bureau.

ECW:enm

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62-98634-21
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Holloman _____
Gandy _____



02 FEB 25 1953

FEDERAL BUREAU OF INVESTIGATION

UNITED STATES DEPARTMENT OF JUSTICE

Transmit the following Teletype message to:

FBI DENVER 2-11-53 EKW AIRTEL

DIRECTOR, F.B.I. AND SAC WASHINGTON FIELD

UNKNOWN SUBJECTS, ALLEGED IRREGULARITIES IN CONNECTION
 WITH INCOME TAX CASE OF UNITED STATES VS HENRY M. BLACKMER
 (U.S. DISTRICT COURT, DENVER, COLO.) MISCONDUCT IN OFFICE;
 BRIBERY. REREP SA FRED G. MC GEARY, DENVER DATED JANUARY THIRTY
 LAST. ROBERT H. HANSEN, DENVER POST STAFF WRITER HAS ADVISED
 THAT THE PREVIOUSLY UNIDENTIFIED FORMER OFFICIAL OF THE FOREIGN
 FUNDS CONTROL, TREASURY DEPT., WASHINGTON, D. C. WITH WHOM HE
 TELEPHONICALLY DISCUSSED FREEZING OF BLACKMER'S FUNDS IS ELTING
 ARNOLD, ASSISTANT GENERAL COUNSEL OF TREASURY DEPT. WFO
 INTERVIEW ARNOLD.

POSTER

END

FGMcG:ekw

58-35

Mr. Tolson	
Mr. Ladd	
Mr. Nichols	
Mr. Belmont	
Mr. Clegg	
Mr. Glavin	
Mr. Harbo	
Mr. Rosen	
Mr. Tracy	
Mr. Egan	
Mr. Gurnea	
Mr. Hendon	
Mr. Pennington	
Mr. Quinn	
Mr. Nease	
Tele. Room	
Mr. Holloman	
Mr. Sizoo	
Miss Gandy	

RECORDED-1

162-98634-22
6 FEB 13 1953

Approved: Poster
 386 Special Agent in Charge

Sent _____ M Per _____

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT

DENVER

EMF

REPORT MADE AT NEW YORK	DATE WHEN MADE 2/10/53	PERIOD FOR WHICH MADE 1/30; 2/6, 9/53	REPORT MADE BY WILLIAM A. HALPIN (A)
TITLE UNSUBS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF UNITED STATES vs. HENRY M. BLACKMER (UNITED STATES DISTRICT COURT, DENVER, COLORADO)			CHARACTER OF CASE MISCONDUCT IN OFFICE BRIBERY

SYNOPSIS OF FACTS:

BLACKMER's funds at New York Trust Co. unblocked 1/21/47 by License No. NY 826687-T of the same date issued by Federal Reserve Bank of New York on application of New York Trust, dated 1/15/47, which embodied a statement of subject BLACKMER to effect that no other person has had an interest in his property held at New York Trust at any time on or since 6/17/40 nor in any property acquired since that date. This application filed by New York Trust at request of MYRON K. BLACKMER of Denver. On 9/16/49 subject BLACKMER obtained four drafts of New York Trust Co., each in the amount of \$10,000.00, payable to himself. Two of these drafts bear the endorsement of BLACKMER and the clerk of U. S. District Court, Denver, Colorado. The other two drafts were deposited to the account of BLACKMER at New York Trust on 11/7/49.

*100-448600-211
2/16/53
ECC/lem*

- RUC -

~~EXP. PROC. ST-13~~

DETAILS: Confidential Informant T-1, of known reliability, furnished the following information from his files, which should not be made public except in a usual proceeding following the issuance of a subpoena duces tecum:

The funds of HENRY M. BLACKMER at the New York Trust Company, 100 Broadway, New York City, were unblocked on January 21, 1947 on the basis of License Number NY 826687-T of

APPROVED AND FORWARDED: <i>LVB</i> <i>AC</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES	
COPIES OF THIS REPORT (3) - Bureau (100-458634) (2) - Denver (58-35) (2) - Washington Field (62-7249) (2) - New York (62-11210) 02 FEB 25 1953		62-98634-1 23 FEB 17 1953 <i>14</i>	RECORDED-52
		<i>[Handwritten signatures and initials]</i>	

PROPERTY OF FBI—THIS CONFIDENTIAL REPORT AND ITS CONTENTS ARE LOANED TO YOU BY THE FBI AND ARE NOT TO BE DISTRIBUTED OUTSIDE OF AGENCY TO WHICH LOANED.

NY 62-11210

the same date, issued by the Federal Reserve Bank of New York on an application dated January 15, 1947 in which the New York Trust Company requested a license to release a blocked custody account of HENRY M. BLACKMER, an American citizen, whose address is Geneva, Switzerland, from the provisions of Executive Order 8389. Embodied in the application is a copy of a statement of HENRY M. BLACKMER, dated December 26, 1946, and addressed to the Secretary of Treasury, care of the Federal Reserve Bank of New York, which states, "I hereby affirm that no other person has had an interest in the property held in my account at the New York Trust Company at any time on or since June 17, 1940 nor in any property acquired since that date." The application is signed by WILLIAM H. OSBORN, Assistant Secretary, New York Trust Company.

Included in T-1's file in this matter is a letter dated January 9, 1947 addressed to the New York Trust Company requesting them to apply for a license to release the blocked funds of HENRY M. BLACKMER. This letter is on a letterhead of MYRON K. BLACKMER, First National Bank Building, Denver, Colorado, and is signed MYRON K. BLACKMER, Attorney in Fact. Enclosed with this letter was a statement of HENRY M. BLACKMER, dated December 26, 1946 which was embodied in the application of the New York Trust Company dated January 15, 1947, as set out above. Included also in the file is Treasury Department License Number NY 826687-T, dated January 21, 1947, addressed to the New York Trust Company, which states that pursuant to the application of January 15, 1947, the New York Trust Company is authorized to release the property of HENRY M. BLACKMER as property in which no blocked country or national thereof has or has had an interest. This license was issued by the Federal Reserve Bank of New York.

T-1 stated that the issuance of License Number NY 826687-T on January 21, 1947 resulted in the unblocking of all of BLACKMER's funds held by the New York Trust Company, which consisted of a cash account and a security account.

T-1 further advised that HENRY M. BLACKMER obtained four drafts of the New York Trust Company on September 16, 1949, made payable to himself, in the amount of \$10,000.00 each. Two of these drafts bear the endorsement of BLACKMER and C. WALTER BROWN, Clerk, U. S. District Court, Denver, Colorado, and were negotiated through the Federal Reserve Bank, Denver, Colorado on November 3, 1949. The other two identical drafts were deposited to the account of BLACKMER at the New York Trust Company on November 7, 1949.

- RUC -

NY 62-11210

ADMINISTRATIVE PAGE

INFORMANT

T-1

[REDACTED] New York Trust
Company, 100 Broadway, New York City.

b7D

REFERENCE

Report of SA WILLIAM E. FENIMORE, 2/3/53,
Washington, D. C.
Denver Air-Tel, 1/26/53.

SAC, New York (105-5104)

January 22, 1953

62-95834-
Director, FBI (100-392496)

CAROLYN DEWALT CARRUTHERS, aka.,
Carolyn DeWolt Carruthers,
Carolyn DeWolt
INTERNAL SECURITY - R

Reference is made to New York air-tel dated 12-23-52 to the Bureau captioned "Carolyn Carruthers, Internal Security - R," and to WFOlet dated 12-16-52 relative to the above-captioned individual.

For the information of WFO the New York Office is the office of origin in this investigation and any future pertinent information developed concerning the subject should be furnished to the New York Office.

For the information of the New York Office, WFO advised by letter dated 12-16-52 that the records of the Security Division, Department of State, reflect that the subject, under the name of Carolyn DeWolt, was employed by the Ordnance Department, War Department, Pentagon Building, from March 7, 1942, to an undisclosed date. The records further reflected that the subject had been investigated by military authorities. However, the identity of the authorities conducting the investigation was not disclosed. By letter dated 12-29-52, the Baltimore Office advised that the files of G-2, Central Records Facility, Fort Holabird, Baltimore, Maryland, reflected that the subject was investigated by MID in September and October, 1945 for a position as a librarian in Hawaii. This investigation consisted of a check of the files of the FBI, ONI, SID and the Washington, D. C., Police Department. No further information was found in the records of G-2, concerning the subject.

The New York Office should follow this investigation closely in order that any pertinent information concerning the subject will be immediately furnished to the Bureau.

Bufiles fail to reflect any identifiable derogatory information concerning Carolyn DeWolt.

cc - 2 - Washington Field (105-3988)

cc - 62-95834

COMM - FBI

JAN 23 1953

SEE NOTE ON PAGE 2

DUPLICATE YELLOW

Tolson
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NOTE: The subj is a companion of Josephine Baker, colored singer, who is presently in Mexico. Subj was formerly employed as a librarian at Fort Mitchell Air Force Base and was alleged to have furnished "stacks of records" to Josephine Baker. The exact details concerning these records are not available although Josephine Baker's former manager has alleged that the records pertained to key personnel of the Air Force in the Orient and Japan. Stops are presently outstanding in order that the Bureau will be notified of the subj's return to the U.S. Josephine Baker is the subj of Bufile 62-95834.

D

DIRECTOR, FBI (100-392496)

December 16, 1952

SAC, WFO (105-3988)

CAROLYN DeWALT CARRUTHERS
aka, Carolyn DeLolt Carruthers
INTERNAL SECURITY - R

Josephine Baker

According to records of the Security Division, Department of State, the subject, under the name of CAROLYN DeLOLT, was employed by the Ordnance Department, War Department, Pentagon Building, from March 7, 1942 to an undisclosed date. Those same records also contained a notation stating that the subject had been investigated by military authorities, however, the identities of the military authorities were not disclosed. It is requested that Baltimore review files of G-2, Department of the Army for any information concerning the subject. For the information of the Baltimore Office, the subject, Negress, was, according to records of the Security Division, Department of State, described by her personnel records at the War Department, to be white and was considered white by her supervisors. CARRUTHERS was born May 19, 1915, at Mexico City, but is a United States citizen. She was further described as being 5'4" in height and 110 pounds in weight. P.

ATS:EIS
2 - Baltimore

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~~SECURITY INFORMATION - CONFIDENTIAL~~

FEDERAL BUREAU OF INVESTIGATION

FORM NO. 1

THIS CASE ORIGINATED AT

SECURITY INFORMATION - ~~CONFIDENTIAL~~

FILE NO.

NEW YORK

TJD

REPORT MADE AT NEW YORK	DATE WHEN MADE 1/13/53	PERIOD FOR WHICH MADE 11/25,26;12/16,18,22,23,24/52	REPORT MADE BY JOHN E. FOLEY
TITLE CHANGED CAROLYN CARRUTHERS, was.: Carolyn DeWolt Carruthers, Maria Carruthers			CHARACTER OF CASE INTERNAL SECURITY - R

SYNOPSIS OF FACTS:

Informant advised subject as base librarian had no access to classified material at Mitchell Air Force Base, NY. Acquaintances described CARRUTHERS as inefficient and a "pathological liar". Subject allegedly wrote several letters to JOSEPHINE BAKER, colored chanteuse in attempt to obtain position as her business manager. Subject observed mailing large manila envelopes, addressees unknown. CARRUTHERS mentioned a brother employed by UN Committee on Human Relations. UN telephone directory, 1952, lists one BEN F. CARRUTHERS, Human Rights Division, Department of Social Affairs. Subject reportedly born 5/19/15, Mexico City. Attended Tillotson High School, 1928 to 1931, Tillotson College, 1931 to 1935 both in Austin, Texas, University of Illinois Library School, 1931 - 1940. Subject's previous employment set forth.

- P -

DETAILS

The title of this report is being marked changed to show additional use of aliases by the subject as reflected in records of the Department of State and through interview with acquaintances of

APPROVED AND FORWARDED COPY IN FILE	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
COPIES OF THIS REPORT		SE-6
1 - Bureau (100-372196) (Encs. 2) (REGISTERED MAIL)		JAN 16 1953
2 - San Antonio (REGISTERED MAIL) (copies cont'd - see next page)		INDEXED - 10
4 - New York (100-104)		INDEXED - 15

REPORT CONTAINS INFORMATION OF A CONFIDENTIAL NATURE AND ITS CONTENTS ARE

TO BE KEPT BY THE FBI AND ARE NOT TO BE

NY 105-5104

the subject. These aliases are set out as follows: CAROLYN DE WOLT CARRUTHERS and MARIA CARRUTHERS.

Confidential Informant T-1, another government agency which conducts security type investigations, advised on November 25, 1952 that CAROLYN CARRUTHERS in her position as base librarian at Mitchell Air Force Base, Long Island, New York, had no access to any classified material particularly troop or personnel movements. T-1 also advised that it was quite possible that the subject might know that individual personnel were leaving the base since all personnel were required to get clearance from various units showing that they had no base material. Through this procedure the librarian would know that an individual was under transfer, but would not know his destination. T-1 said that the base library functions in the same manner as civilian libraries and contains no information which could be of a classified nature.

Captain MATTHEW ABRUZZO, former library officer, Mitchell Air Force Base, Long Island, New York, stated that he had interviewed the subject as a job applicant for a library position at Mitchell Air Force Base and had subsequently favorably recommended her. Captain ABRUZZO said that almost immediately thereafter he had been transferred from the duties of post library officer and did not act as her supervisor. Captain ABRUZZO could furnish no information concerning the subject's loyalty or character due to the limited time he spent as library officer.

Mrs. DOROTHY FAYNE, apartment 9D, 8 Stuyvesant Oval, New York City, advised on December 16, 1952 that she is employed as command librarian, Continental Air Command, Mitchell Air Force Base, Long Island, New York, and that she interviewed CAROLYN CARRUTHERS for a position as librarian at the post library. Mrs. FAYNE stated that she did not recommend CARRUTHERS for the position as librarian because the subject in her opinion lacked the necessary qualifications for library work.

Copies cont'd

2 - Springfield (REGISTERED MAIL)
2 - St. Louis (REGISTERED MAIL)

NY 105-5104

Mrs. FAYNE also stated that CARRUTHERS was subsequently recommended by Captain ABRUZZO, post library officer, and was subsequently hired as base librarian. Mrs. FAYNE pointed out that she does not believe it was any personal desire of Captain ABRUZZO to favorably recommend CARRUTHERS but that there was a definite need at that time to fill the post of base librarian. Mrs. FAYNE stated that she had no knowledge of CARRUTHERS' loyalty but received the impression that the subject could not tell the same story twice to the same people. Mrs. FAYNE remarked that she considered CARRUTHERS a "pathological liar" and as a librarian CARRUTHERS was completely inefficient. Mrs. FAYNE advised that she had no personal contact with the subject or knew of any close friends or associates of the subject.

Mrs. FAYNE said that CARRUTHERS was not in a position to have access to any classified material as a librarian nor was it possible for the subject to obtain any classified documents through the library. Mrs. FAYNE suggested that KATHERYN PROVENCHER, 333 East 43rd Street, New York City, who was formerly employed as a librarian with the subject, could furnish more detailed information about the subject. Mrs. FAYNE believed that CARRUTHERS had mentioned to Miss PROVENCHER that she had written letters to JOSEPHINE BAKER and was apparently attempting to obtain a job as BAKER's business manager. Mrs. FAYNE advised that CARRUTHERS was referred to her through the Special Library Association, 31 East 10th Street, New York City.

Miss KATHLEEN STEBBINS, Executive Secretary, Special Library Association, 31 East 10th Street, New York City, advised on December 16, 1952 that she recalled the subject very well and that CARRUTHERS as a librarian was a member of the Special Library Association. Miss STEBBINS said that she remembered the subject as well spoken and appeared to be quite intelligent. Miss STEBBINS could not comment on CARRUTHERS' loyalty because of her limited contact with the subject.

Miss STEBBINS furnished an index card kept by the Special Library Association which reflected the following information concerning the subject:

Name

CAROLYN CARRUTHERS

NY 105-5104

Carolyn Carruthers - Photograph

Citizenship	United States citizen
Sex	Female
Marital status	Single
Date of birth	May 19, 1915
Education	High school - Tillotson, 1928-1931
	College - Tillotson, 1931-1935
	Library school - University of Illinois, 1939-1940, 16 semester hours
Business and library experience	1950 to 1951, New York State Unemployment Insurance, research librarian, library assistant
	1949 to 1950, New York Public Library, professional assistant
	1946 to 1949, Music publishing company cataloger
	1945 to 1946, United States Middle Pacific Armed Forces, professional librarian
	1942 to 1945, War Department libraries - went to Pacific

Mrs. ISABELLE RUBINS, librarian, New York Department of Labor, Division of Unemployment, 1440 Broadway, New York, New York, advised on December 18, 1952 that CAROLYN CARRUTHERS was employed there from January 3, 1950 to November 30, 1951 as a library assistant. Mrs. RUBINS stated that during the period of the subject's employment she acted as CARRUTHERS' supervisor and was of the opinion that she was an industrious worker. Mrs. RUBINS also stated that she considered CARRUTHERS' background extremely interesting in that the subject was formerly associated with many theatrical people, particularly BENNY GOODMAN, the orchestra leader.

Mrs. RUBINS said that CARRUTHERS had mentioned that she was widowed and that her husband was killed in the service. Mrs. RUBINS was of the impression the subject's husband served in one of the strategic services, either the Army or the Navy. Mrs. RUBINS said that through conversations with CARRUTHERS she learned

NY 105-5104

that the subject's mother lives in Washington, D. C. and she also has relatives in California.

Miss KATHERYN PROVENCHER, 333 East 43rd Street, advised on December 22, 1952 that she was formerly employed as a librarian at Mitchell Air Force Base and worked with CAROLYN CARRUTHERS there for approximately four months. During this period of association with CARRUTHERS it was Miss PROVENCHER's opinion that the subject was entirely inefficient and paid little attention to her duties as librarian. Miss PROVENCHER stated that CARRUTHERS would frequently leave the library building and apparently use a pay telephone elsewhere on the base and would be gone for over an hour at times.

Miss PROVENCHER recalled that on one occasion she observed a letter being typed by the subject and addressed "Dear Josephine". Miss PROVENCHER later learned from an unrecalled source that the subject was in correspondence with JOSEPHINE BAKER, colored chanteuse, and, therefore, concluded that that particular letter was probably addressed to JOSEPHINE BAKER. Miss PROVENCHER further stated that she made no observation of the contents of this letter.

According to Miss PROVENCHER, the subject almost daily received outside telephone calls and on one particular occasion Miss PROVENCHER answered the telephone and spoke to an individual who identified himself only as "JACK". This individual asked for MARIA, to which Miss PROVENCHER replied there was no one there but CAROLYN CARRUTHERS and herself. Miss PROVENCHER stated that "JACK" said, "Maria is CAROLYN CARRUTHERS". Miss PROVENCHER also stated that she overheard this conversation between "JACK" and the subject in which the subject spoke of a plane trip to Los Angeles.

Miss PROVENCHER believed that the subject was born in Mexico City and was at one time married. Miss PROVENCHER was of the impression that the subject formerly lived in Chicago and had a son named BENJAMIN, 14 years of age. Miss PROVENCHER advised that CARRUTHERS had mentioned that she had a brother who is employed by the United Nations Committee on Human Relations. The October 1952 issue of the United Nations telephone directory lists one BEN F. CARRUTHERS, Human Rights Division, Department of Social Affairs.

NY 105-5100

The files of the New York Office contained no information identifiable with BEN F. CARRUTHERS.

Miss PROVENCHER recalled that CARRUTHERS would frequently have several letters to mail and that she remembered the subject mailing large manila envelopes. According to Miss PROVENCHER, she believes that the subject gave these envelopes to CHARLES ROMIG, an airman first class who is attached to the base library on special duty and he would carry them to the base post office for mailing. Miss PROVENCHER added that she had no knowledge of the contents of these manila envelopes nor to whom they were addressed.

Miss PROVENCHER stated that CARRUTHERS had told her that she accepted a position as base librarian in the hope that she would be eventually sent to Europe, preferably Paris, France. Miss PROVENCHER also stated that she knew of no close friends or associates of CARRUTHERS, either civilian or military, at Mitchell Air Force Base. Miss PROVENCHER said that from her own experience and knowledge she knows that the subject had no access to any classified material and that the only military data in the library concerned technical manuals on Army administration and engineering.

Miss TERRY DONNELLY, clerk, Mitchell Air Force Base, furnished an index card on CAROLYN CARRUTHERS which reflected that her 201 personnel file was forwarded to the Federal Records Center at St. Louis, Missouri on August 12, 1952. This card also showed that CARRUTHERS was given excepted (from Civil Service) position on January 1, 1952 as a librarian G-S 7 with the 2500th Air Base Group. This card also had a notation that the loyalty check was completed on March 3, 1952. It was shown that she was removed from the position of librarian because of "abandonment of position" in that CARRUTHERS failed to return to duty at the expiration of annual leave and failed to reply to letters from the Mitchell Air Force Office. The subject's address was shown as 230 East 10th Street, Apartment 3, New York City, and that she was born May 19, 1915, place not indicated. Her marital status was given as separated and her husband's name was not furnished.

It was learned that Lieutenant ELIZABETH M. SORBITT, Command Air Force Precinct, library officer, is presently on

NY 105-5102

annual leave and was not expected to return until after the Christmas holidays.

ENCLOSURES TO THE BUREAU (2)

2 photographs of the subject.

- P -

NY 105-5104

ADMINISTRATIVE PAGE

INFORMANTS

Identity of Source	Date of Activity or Description of Infor- mation	Date Received	Agent Who Received Information	File # and Location
T-1: [redacted] [redacted] Long Island, New York	1952	11/25/52	SA ROBERT A. SHERMAN	105- 5104

b6
b7C

MISCELLANEOUS

For the information of those offices who have not previously received correspondence in this case, the McCarran Committee (protect by a T-symbol) has advised that CAROLYN CARRUTHERS, former base librarian, Mitchell Air Force Base, New York, reportedly traveled considerably with JOSEPHINE BAKER, colored chanteuse, and from time to time bought BAKER "stacks of records".

LEADS

SAN ANTONIO

At Austin, Texas

Will check the records of Tillotson High School and Tillotson College and secure all background data concerning the subject from the records of those institutions.

SPRINGFIELD

At Champaign, Illinois

Will check the records of the Library School, University of Illinois, and obtain all pertinent background data on the subject.

NY 105-5104

ADMINISTRATIVE PAGE cont'd

ST. LOUIS

At St. Louis, Missouri

Will check the subject's 201 file maintained at the Federal Records Center and obtain background information concerning the subject.

NEW YORK

At Mineola, Long Island, New York

Will interview Lieutenant ELIZABETH M. SORBET, Women's Air Force, present library officer, Mitchell Air Force Base, for any information she may have concerning the subject's background, associations and character.

Will interview CHARLES ROMIG, airman first class, who is reportedly attached to the 2500th Air Base Group at Mitchell Field, in an attempt to learn whether or not he had mailed large manila envelopes for the subject and if he noticed to whom they were addressed.

At New York, New York

Will make inquiry through established sources at the United Nations to further identify one BEN F. CARRUTHERS who is presently with the Human Rights Division, Department of Social Affairs, and ascertain whether or not he is related to the subject.

REFERENCE

Bureau letter to New York, 11/12/52.
Washington Field letter to the Bureau, 12/16/52.
New York airtel to the Bureau, 12/23/52.

2-16-53

SACS, DENVER AIR MAIL
CINCINNATI MAIL *u*
INDIANAPOLIS AIR MAIL
ST. LOUIS AIR MAIL

UNSUBS; ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX
CASE OF UNITED STATES VS. HENRY M. BLACKMER (UNITED STATES DISTRICT
COURT, DENVER, COLORADO); MISCONDUCT IN OFFICE; BRIBERY. ALL
OFFICES EXCEPT DENVER SUAIRTEL STATUS INVESTIGATION. *u*

HOOVER

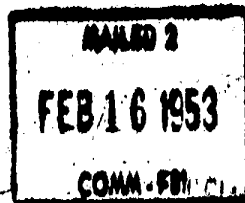
ECW:bjp *bjp*

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FEB 17 1953

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Tolson _____
Ladd _____
Nichols _____
Belmont _____
Clegg _____
Glavin _____
Harbo _____
Rosen _____
Tracy _____
Laughlin _____
Mohr _____
Tele. Rm. _____
Holloman _____
Gandy _____



67 FEB 26 1953

PP
John

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **DENVER**

REPORT MADE AT WASHINGTON, D.C.	DATE WHEN MADE 2/9/53	PERIOD FOR WHICH MADE 2/5/53	REPORT MADE BY WILLIAM E. FENIMORE hgt
TITLE UNSUBS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF UNITED STATES vs. HENRY M. BLACKMER (UNITED STATES DISTRICT COURT, DENVER, COLORADO)			CHARACTER OF CASE MISCONDUCT IN OFFICE BRIBERY

SYNOPSIS OF FACTS: G. AARON YOUNGQUIST, former Assistant Attorney General in charge of Tax Division, advises no suggestion made by BLACKMER's attorneys during early 1930's that any action be taken which could be termed irregular, dishonest, or irresponsible. PEYTON FORD, former Assistant to the Attorney General when BLACKMER case concluded, advises there was nothing unusual in handling of BLACKMER case.

RUC

DETAILS: AT WASHINGTON, D.C.

G. AARON YOUNGQUIST, 1340 Northwestern Bank Building, Minneapolis, Minnesota, was interviewed at the Washington Field Office on February 5, 1953, by Special Agents EDWARD J. HAYES and WILLIAM E. FENIMORE. YOUNGQUIST advised he served as Assistant Attorney General in charge of the Department of Justice Tax Division between November 1929 and February 1933 under the administration of President HERBERT HOOVER.

With regard to the BLACKMER case, YOUNGQUIST stated that although there were repeated contacts with the Tax Division and the Treasury Department by attorneys and representatives of BLACKMER, there was never any suggestion on their part that any government official take any action which might be termed irregular, dishonest, or irresponsible. To the contrary, YOUNGQUIST advised, he was always

<p>APPROVED AND FORWARDED: <i>[Signature]</i></p> <p style="text-align: center;">COPIES OF THIS REPORT</p> <p>③ - Bureau (62-98634) Attention: Assistant Director A. ROSEN 2 - Denver (58-35) 1 - Washington Field (62-7249)</p>	<p style="text-align: center;">DO NOT WRITE IN THESE SPACES</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p><i>62-98634-25</i></p> <p><i>6-26</i></p> </div> <div style="width: 35%; text-align: center;"> <p>RECORDED-29</p> <p>STAT. SECT.</p> </div> </div>
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favorably impressed by their conduct and their effort on behalf of BLACKMER although the Department of Justice was firm in insisting the matter be concluded through BLACKMER's satisfactorily settling his civil tax liability and personally appearing before the court to enter a guilty plea on the tax evasion charges. In turn, the government would move to dismiss the perjury indictments but make no recommendations regarding punishment other than rendering a full statement of the case facts to the court as was the usual practice. YOUNGQUIST recalled BLACKMER did not desire to personally appear and further wished to be assured he would be fined and not given a prison sentence. At no time did the Justice Department indicate the criminal actions might be dismissed in favor of monetary consideration. The Department insisted BLACKMER answer the tax evasion indictment and abide the decision of the court.

YOUNGQUIST reviewed that portion of the Department of Justice file which pertained to the BLACKMER case during his service as Assistant Attorney General. He concluded there was no justification in interpreting Attorney General WILLIAM D. MITCHELL's memorandum of May 6, 1932, as indicating approval of any plan which would provide for the dismissal of criminal charges. YOUNGQUIST pointed out that MITCHELL only felt the Department of Justice would not be justified in opposing the imposition of fraud penalties on the basis and possible chance that such imposition might bar criminal prosecution. He noted lawyers of exceptional ability in both the Treasury and Justice Departments had concluded the imposition of fraud penalties would not bar prosecution under the double jeopardy theory.

When interviewed on February 5, 1953, at his law office in the World Center Building, 918 16th Street, N.W., by Special Agents HAYES and FENIMORE, PEYTON FORD, former Assistant to the Attorney General, Department of Justice, recalled that JOSEPH B. KEENAN was in to see him on several occasions in an effort to effect a settlement of the BLACKMER case which would be as advantageous as possible to his client, BLACKMER. Initially, KEENAN proposed all charges be dismissed, arguing BLACKMER was an "old man" and should be allowed "to come home to die." After this offer was refused, KEENAN suggested BLACKMER be tried "in absentia." This suggestion was also refused leading to KEENAN's offer that BLACKMER return to the United States and answer the outstanding indictments with the assurance no jail sentence would be imposed. FORD states he advised KEENAN the Department would not vary from its stated stand of the 1930's that the case could only be compromised and the perjury indictments dismissed if BLACKMER were to return to the United States and plead guilty

WFO 62-7249

to the tax evasion. The government would make no recommendation regarding sentence. In the end, KEENAN finally agreed to these terms and, to the best of FORD's recollection, caused his, KEENAN's, associate at Denver to contact the United States Attorney there seeking his approval. FORD recalls discussing the BLACKMER case with JAMES MCINERNEY, but states he does not recall telephoning the United States Attorney at Denver suggesting approval of KEENAN's plan that BLACKMER stand trial in Massachusetts rather than Colorado. Neither can FORD specifically recall discussing the matter with T. LAMAR CAUDLE or anyone in the Tax Division.

FORD felt there was nothing unusual in the government's agreeing to drop the perjury charges since it had been determined early in the proceedings the government could not prove the perjury charges. He noted the case was finally settled along the same lines as suggested during the 1930's. He further advised that JOSEPH B. KEENAN never made any suggestion that either he or anyone else in the Department of Justice take any action which might not be entirely proper.

With reference to the letter of United States Attorney MAX M. BULKELEY dated August 4, 1949, being routed to Assistant Attorney General ALEXANDER M. CAMPBELL, who headed the Criminal Division, rather than being routed to T. LAMAR CAUDLE who headed the Tax Division, PEYTON FORD attaches no significance, stating he probably routed it to CAMPBELL because the dismissal of perjury indictments was involved and this was normally considered in the Department to be a criminal matter.

FORD also recalls he instructed JAMES MCINERNEY to be in the Denver Court when BLACKMER appeared because he, FORD, felt BULKELEY might make some recommendation regarding sentence and this was not the desire of the Department. FORD vaguely recalls he learned from some source just prior to the actual appearance of BLACKMER that BULKELEY had indicated BLACKMER should not be given a jail sentence but only fined on the tax evasion charge. MCINERNEY was instructed to recommend a one year jail sentence should the court require a recommendation be made. As it turned out, FORD noted, Judge PHILLIPS did not request a recommendation but took the matter under advisement prior to passing sentence. FORD was of the opinion Judge PHILLIPS heard the case because Judge SYMES had already retired and the newly appointed replacement was not in Denver but was busy elsewhere in the district.

RUC

WFO 62-7249

ADMINISTRATIVE PAGE

No effort is being made to identify the former head of the Foreign Funds Control Section, Treasury Department, as suggested in the lead set forth for the Washington Field Office in Denver report of January 30, 1953. It appears the details concerning BLACKMER's "blocked funds" is satisfactorily set forth from the file review in Washington Field report of February 3, 1953.

REFERENCE: Report of SA WILLIAM E. FENIMORE dated February 3, 1953, at Washington, D.C.
Minneapolis air tel to the Director dated February 1, 1953.
Report of SA FRED G. McGEARY dated January 30, 1953, at Denver.

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

AIRTEL

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FBI INDIANAPOLIS 2-18-53 4-20 PM CST mgh

DIRECTOR, FBI U R G E N T

UNSUBS; ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX
CASE OF UNITED STATES VS. HENRY M. BLACKMER (UNITED STATES DISTRICT
COURT, DENVER, COLORADO); MISCONDUCT IN OFFICE; BRIBERY. RUC REPORT
SUBMITTED BY SA DUDLEY S. HORTH, INDIANAPOLIS, FEB. SEVENTEEN, FIFTYTHREE.

KING

END
LEB:mgh
62-984

G. I. R. - 3

AIR-TEL

RECORDED - 61

162-98634-26
FEB 19 1953

Approved: ³⁰³
53 MAR 2 - 1953 Special Agent in Charge

Sent _____ M Per _____

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

FD-36

Mr. Tolson
Mr. Ladd
Mr. Nichols
Mr. Belmont
Mr. Clegg
Mr. Glavin
Mr. Harbo
Mr. Rosen
Mr. Tracy
Mr. Egan
Mr. Gurnea
Mr. Hendon
Mr. Jones
Mr. Mumford
Mr. Quinn
Mr. Nease
Mr. Gandy

AIRTEL

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FBI CINCINNATI

2-18-53

4:30 PM

TJG:LM

DIRECTOR, FBI (62-98634)

UNSUBS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF
UNITED STATES VS. HENRY M. BLACKMER (U. S. DISTRICT COURT, DENVER,
COLORADO), MISCONDUCT IN OFFICE, BRIBERY. RE BUREAU AIRTEL FEBRUARY
SIXTEENTH LAST. RUC REPORT OF SA DANIEL W. JOHNSON DATED FEBRUARY
THIRTEENTH LAST AT CINCINNATI SUBMITTED TO BUREAU AMSD LATTER DATE.

BROWN

END

62-2026

AIR MAIL

G. I. R. 3

RECORDED - 68

62-98634-27
FEB 19 1953

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Approved: ³⁰³

60 MAR 2 1953 Special Agent in Charge

Sent _____ M Per _____

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT

DENVER, COLORADO

REPORT MADE AT CINCINNATI, OHIO	DATE WHEN MADE 2-13-53	PERIOD FOR WHICH MADE 2-10-53	REPORT MADE BY DANIEL W. JOHNSON L.M.
TITLE UNSUBS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF UNITED STATES vs. HENRY M. BLACKMER (UNITED STATES DISTRICT COURT, DENVER, COLORADO)			CHARACTER OF CASE MISCONDUCT IN OFFICE BRIBERY

SYNOPSIS OF FACTS:

EDMUND D. DOYLE, Attorney-at-Law, Columbus, Ohio, advises was attorney in Tax Division, U. S. Department of Justice, 1947 to 1950, during which time case of U. S. vs. HENRY M. BLACKMER assigned to him. As result of examination of bulky file in this case determined that the Attorney General's office in the 1920's believed that perjury indictments against BLACKMER could not successfully be prosecuted. DOYLE was of same opinion, so sent letter (9-21-49) to U. S. Attorney, Denver, Colorado, instructing that perjury indictments and a duplicated tax evasion indictment could be dismissed if BLACKMER entered a plea of guilty or nolo contendere to an indictment charging evasion of income tax. DOYLE believes he consulted JAMES M. McINERNEY before sending the above letter; also advised that it was standing policy of Tax Division to make no recommendation regarding court sentence which was made known to the U. S. Attorney at Denver, but because newspaper articles hinted that BLACKMER was to be treated leniently on sentencing, DOYLE sent another letter (10-28-49) to U. S. Attorney, setting forth the Department's recommendation in this case in the event the Court should insist on a recommendation. DOYLE believes the Department's recommendation resulted from his conference with JAMES M. McINERNEY and PEYTON FORD. DOYLE advised he has no knowledge of any "deal" involving instant case and he was never asked to do anything contrary to his own convictions.

- RUC -

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U. S. GOVERNMENT PRINTING OFFICE: 1952—O-210616

16-59255-2

122 MAR 4 1953

Cincinnati #62-2026

DETAILS: AT COLUMBUS, OHIO

Mr. EDMUND D. DOYLE, Attorney-at-Law, 50 West Broad Street, advised he was an attorney in the Tax Division, U. S. Department of Justice, Washington, D. C., from November, 1947, to September, 1950. During this time the tax case of U. S. vs. HENRY M. BLACKMER was assigned to him. It is desired to point out that at the outset of instant interview it was necessary to refresh DOYLE's recollection of this case by reviewing with him the correspondence between him and the U. S. Attorney (MAX M. BULKELEY), Denver, Colorado, in 1949.

DOYLE advised that he examined a bulky file in this case and determined that it was the view of the Attorney General's office in the 1920's that the perjury indictments against BLACKMER were very weak and could not successfully be prosecuted. DOYLE recalls that the evidence to support the perjury indictments was insufficient because an itinerary for BLACKMER revealed he was not available when certain papers were notarized. DOYLE has a recollection that his file review revealed that Mr. WILLIAM MITCHELL, then Attorney General, shared in his staff's doubt of the perjury indictments.

DOYLE stated he arrived at the same conclusion that the perjury indictments could not be successfully prosecuted. Accordingly, he dictated a letter (dated September 21, 1949) to the U. S. Attorney, Denver, Colorado, authorizing the U. S. Attorney to dismiss the perjury indictments against BLACKMER upon BLACKMER's entry of a plea of guilty or nolo contendere to an indictment charging attempted evasion of income taxes. This letter also authorized the U. S. Attorney to dismiss a second indictment for evasion of income taxes because it covered the same offenses as the one indictment to which BLACKMER might enter a plea.

DOYLE stated that it was a long-standing policy of the Tax Division to make no recommendation as to the sentence to be imposed in any case. For this reason the above-mentioned letter advised the U. S. Attorney to make no recommendation in this case. Subsequent to BLACKMER's arraignment at Denver, the newspapers afforded a great deal of publicity to this case. DOYLE recalls that the newspapers hinted that there was a "deal" in this case and that BLACKMER was to be treated leniently on sentencing. To counteract such publicity, DOYLE sent another letter (dated October 28, 1949) to the U. S. Attorney at Denver, in which he was instructed as to the Department's recommendation on sentencing in the event the Court should insist on a recommendation from Government counsel. DOYLE believes that the latter letter was dictated by him after consultation with JAMES M. McINERNEY and PEYTON FORD. It is also desired to note that DOYLE thinks that McINERNEY was consulted by him prior to sending the first above-mentioned letter dated September 21, 1949.

Cincinnati #62-2026

DOYLE advised that it was his own independent judgment that the course of action pursued in dismissing the indictments in this case was correct and proper. He stated that he has no knowledge of any "deal" in connection with this case, and was never approached or asked to do anything contrary to his own convictions.

- RUC -

Cincinnati #66-2026

ADMINISTRATIVE PAGE

Two copies of this report are designated for the Washington Field Office for assistance in questioning other individuals in this case.

REFERENCE: Report of SA WILLIAM E. FENIMORE dated February 3, 1953,
at Washington, D. C.

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT

DENVER

Mr. Tolson	_____
Mr. Ladd	_____
Mr. Nichols	_____
Mr. Belmont	_____
Mr. Clegg	_____
Mr. Glavin	_____
Mr. Harbo	_____
Mr. Rosen	_____
Mr. Tracy	_____
Mr. Gearty	_____
Mr. Mohr	_____
Mr. Winterrowd	_____
Tele. Room	_____
Mr. Holloman	_____
Mr. Sizoo	_____
Miss Gandy	_____

REPORT MADE AT ST. LOUIS, MISSOURI	DATE WHEN MADE 2-17-53	PERIOD FOR WHICH MADE 2-10-53	REPORT MADE BY HUBERT F. SMALL
TITLE UNKNOWN SUBJECTS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF U. S. VS. HENRY M. BLACKMER (UNITED STATES DISTRICT COURT, DENVER, COLORADO)			CHARACTER OF CASE MISCONDUCT IN OFFICE, BRIBERY

SYNOPSIS OF FACTS:

Attorney DANIEL N. KIRBY, SLMO, has been deceased since 6-25-45.

- RUC -

DETAILS:

AT ST. LOUIS, MISSOURI

It was determined from Attorney H. W. KROEGER of the law firm of SHEPLEY, KROEGER, FISSE AND INGAMELS; 319 North Fourth Street, that Mr. DANIEL N. KIRBY had been a member of this firm for many years and was considered a prominent attorney. Mr. KROEGER advised that DANIEL N. KIRBY has been deceased since June 25, 1945.

*1 cc Olney
Memo 2/26/53
JFW*

- RUC -

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62 MAR 4 1953

SL 58-102

ADMINISTRATIVE PAGE

REFERENCES: Report of SA WILLIAM A. HALPIN dated 1-29-53 at New York;
Report of SA WILLIAM E. FENIMORE dated 2-3-53 at Washington, D. C.;
Letter from Director to Denver dated 2-5-53.

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **DENVER**

FILE NO.

REPORT MADE AT Indianapolis, Indiana	DATE WHEN MADE 2/17/53	PERIOD FOR WHICH MADE 2/11-13/53	REPORT MADE BY DUDLEY S. HORTH hmr
TITLE UNKNOWN SUBJECTS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF UNITED STATES VERSUS HENRY M. BLACKMER			CHARACTER OF CASE BRIBERY MISCONDUCT IN OFFICE

(UNITED STATES DISTRICT COURT, DENVER, COLORADO)

SYNOPSIS OF FACTS:

*ice okay
memo
2/16/53
JFN*

ALEXANDER M. CAMPBELL, former Assistant United States Attorney General, advised that he had no recollection of the letter dated August 4, 1949 from the USA, Denver, recommending dismissal of perjury charge against HENRY M. BLACKMER and said that the routing of the letter to the Criminal Division instead of the Tax Division was in keeping with the Department of Justice procedure. He stated he has no knowledge of any "deal" in this case.

- RUC -

DETAILS: AT FORT WAYNE, INDIANA

The following investigation was conducted by the reporting agent and SA (A) EBER PATTERSON.

ALEXANDER M. CAMPBELL, attorney with the firm of Campbell, Livingston, Teeple and Dildine, 1525 Lincoln Bank Tower, Fort Wayne, Indiana, was advised of the nature of this investigation and was asked whether he would be sworn. He declined to be sworn.

EXPEDITE PROCESSING

The letter dated August 4, 1949 from MAX M. BULKELEY, United States Attorney, Denver, to PEYTON FORD, Assistant Attorney General, Department of Justice, Washington, D. C. was read to Campbell in its entirety, as was his action in routing the

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COPIES DESTROYED COPIES OF THIS REPORT 3 - Bureau (62-98634) (AMSD) Attention Asst. Director A. J. Rosen 2 - Denver 1 - Indianapolis (62-984)		62-98634-30 RECORDED-29 FEB 13 1953

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U. S. GOVERNMENT PRINTING OFFICE 16-59255-1

62 MAR 4 1953

Indpls
62-984

matter to WILLIAM A. PAISLEY, a department attorney.

CAMPBELL, former Assistant Attorney General in charge of the Criminal Division, made the following verbal statement:

"My only recollection of the case is about the newspaper publicity which the case received at the time of the entering of the plea. I have no recollection of the letter which has been read to me but it sounds very much like one of thousands of routine matters disposed of by regular Department procedure:

1. Letter requesting authority from U. S. Attorney before dismissal in any case
2. Letter routed through Criminal Division
3. Recommendation of U. S. Attorney approved
4. Case closed."

CAMPBELL stated that his recollection is as stated above, which he dictated in the form set out. He stated that he has no recollection or knowledge of any "deal" in the ELACKMER case.

In reference to Point 2 above, CAMPBELL stated that the letter was routed through the Criminal Division because of the perjury charges involved. The Tax Division (of the Department of Justice) had jurisdiction only over tax cases. He said PAISLEY was in the Criminal Division, but the routing of the letter to him for reply was not a circumvention of the Tax Division. He said the only significance he attached to the fact that this matter was routed to the Criminal Division was that "it properly should have been routed through the Criminal Division."

CAMPBELL said that in allowing ELACKMER to plead guilty to one misdemeanor, while the other charges were dismissed, he was following the recommendation of the United States Attorney, and it was presumed the United States Attorney would not have made the recommendation or ELACKMER would not have offered to make a plea.

CAMPBELL declined to make a signed statement.

- RUC -

ADMINISTRATIVE PAGE

Indpls
62-984

REFERENCE: Report of SA William E. Fenimore, 2-3-53 at Washington, D. C.

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **DENVER**

REPORT MADE AT WASHINGTON, D. C.	DATE WHEN MADE 2/18/53	PERIOD FOR WHICH MADE 2/18/53	REPORT MADE BY WILLIAM E. FENIMORE ELS
TITLE UNSUBS, ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME TAX CASE OF UNITED STATES VS. HENRY M. BLACKMER (UNITED STATES DISTRICT COURT, DENVER, COLORADO)			CHARACTER OF CASE MISCONDUCT IN OFFICE BRIBERY

SYNOPSIS OF FACTS: **ATTENTION: Assistant Director A. ROSEN**
ELTING ARNOID, former Chief Counsel, FFC, states **BLACKMER** did not necessarily have to return to the US to have his funds "unblocked."

*1 cc Olney
2/26/53 memo
Efw*

- RUC -

6 I. R. -8

DETAILS: AT WASHINGTON, D. C.

ELTING ARNOID, now Assistant General Counsel, Treasury Department, advises he was formerly an Attorney in the employ of Foreign Funds Control between 1941 and the transfer of that agency from the Treasury Department to the Department of Justice in 1948. At the time of the agency transfer **ARNOID** was Chief Counsel of FFC.

ARNOID recalls he received a telephone call from **ROBERT HANSEN** of the Denver Post about a year ago during which **HANSEN** made inquiry concerning the handling of the **BLACKMER** case in FFC. **ARNOID** is unable to specifically recall what was actually said during the telephone conversation, but is of the opinion he furnished what normally might be called "background information" concerning the operation of FFC. He kept no notes regarding this telephone call but does remember he requested **HANSEN** not identify himself as the source of this information, because he felt it was not proper for a Treasury Department Official to speak concerning the operation of FFC, which was

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WFO 62-7249

now under the jurisdiction of the Department of Justice. However, approximately two weeks ago, ARNOLD states, he received a letter from HANSEN in which HANSEN reports the Federal Bureau of Investigation was now interested in the BLACKMER case. HANSEN advised ARNOLD he had not revealed his source of information in the Treasury Department and requested permission of ARNOLD to reveal his, ARNOLD's, identity to the FBI. ARNOLD states he so authorized HANSEN.

ARNOLD feels sure he did not advise HANSEN that BLACKMER had to return to the United States in order that his funds might become "unblocked." ARNOLD knows this is contrary to what FFC regulations provided. He recalls that an American citizen who had had his funds "blocked" solely by reason of residence in a foreign country could cause his funds to become "unblocked" by returning to the United States to permanently reside. The individual might also make application while remaining in a foreign country or cause the government of the nation in which he was residing to make certain certifications to the Foreign Funds custodian in the United States, resulting in the funds being "unblocked." Such "unblocking" would be a matter of course provided there was no specific reason why the funds should not be "unblocked." This specific reason usually had something to do with a foreign enemy power gaining control of the funds. ARNOLD notes he would not have made the statement that BLACKMER's funds could only have been "unblocked" by the return of BLACKMER to the United States.

ARNOLD also emphasized the BLACKMER matter was not assigned to him in FFC so that he had no specific information concerning it. The information in his possession would have only been of a general nature and such that he picked up in the office because of the prominence and history of BLACKMER.

ARNOLD also emphasized the purpose of FFC was to prevent funds in the United States from falling into the control of foreign enemy nations to be used for their war purposes. Upon the conclusion of World War II, in September, 1945, there was no legal way for FFC to prevent the return of funds to the individual provided all requirements were met. The only manner in which FFC could prevent the prompt return of the funds was by assigning the matter to a "slow man."

- RUC -

WFO 62-7249

ADMINISTRATIVE PAGE

REFERENCE: Denver airtel to the Bureau and Washington Field Office
dated February 11, 1953.

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Mr. Tolson _____
Mr. Ladd _____
Mr. Nichols _____
Mr. Belmont _____
Mr. Clegg _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Rosen _____
Mr. Tracy _____
Mr. Gearty _____
Mr. Mohr _____
Mr. Winterrowd _____
Tele. Room _____
Mr. Holloman _____
Mr. Sizoo _____
Miss Gandy _____

Transmit the following Teletype message to:

FBI, ST. LOUIS

2-20-53

FPG-mlm

DIRECTOR, FBI AIR TEL

UNSUBS; ALLEGED IRREGULARITIES IN CONNECTION WITH THE INCOME
TAX CASE OF UNITED STATES VS. HENRY M. BLACKMER (UNITED STATES
DISTRICT COURT, DENVER, COLORADO); MISCONDUCT IN OFFICE:
BRIBERY. THIS MATTER RUC'D BY REPORT OF SA HUBERT F. SMALL
DATED FEB. SEVENTEEN, NINETEEN FIFTYTHREE, AT ST. LOUIS.

THORNTON

END

58-102

RECORDED - 115

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Approved: 1106 OKT
Special Agent in Charge

Sent _____ M Per _____

Assistant Attorney General
Warren Olney III

February 26, 1953

Director, FBI

17
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UNKNOWN SUBJECTS, ALLEGED
IRREGULARITIES IN CONNECTION
WITH THE INCOME TAX CASE OF
UNITED STATES vs. HENRY M.
BLACKMER (UNITED STATES DISTRICT
COURT, DENVER, COLORADO)
MISCONDUCT IN OFFICE; BRIBERY

There are attached copies of the reports of Special Agents Daniel W. Johnson dated February 13, 1953, at Cincinnati, Ohio; Hubert F. Small dated February 17, 1953, at St. Louis, Missouri; Dudley S. Horth dated February 17, 1953, at Indianapolis, Indiana, and William E. Fenimore dated February 18, 1953, at Washington, D. C.

With the transmission of these reports the investigation in this matter has been completed. Senators Edwin C. Johnson and Eugene D. Millikin, identified as persons referred to in the notes of Robert H. Hansen, have not been interviewed. Hansen is the staff writer of the Denver Post, Denver, Colorado, whose unsigned notes concerning his inquiry into the Blackmer tax case were the basis for investigation in this matter.

Hansen, when interviewed as set out in the report of Special Agent Fred G. McGoary dated January 30, 1953, at Denver, admitted the statements in his notes were generally personal conclusions based upon coincidences. In view of this and in view of the fact that the extensive investigation developed no violations Senators Johnson and Millikin will not be interviewed and no further investigation will be conducted in the absence of instructions from you.

Attachment.

CC - 2 - Denver (58-35)

Note: Denver

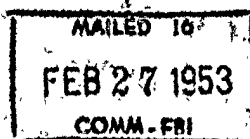
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162-98634-33
MAR 3 1953

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SAC Denver, you are authorized to close your file in this matter.

ECW:bjp



Tolson
Ladd
Nichols
Belmont
Clegg
Glavin
Harbo
Rosen
Tracy
Laughlin
Mohr
Tele. Rm.
Holloman
Gandy

79 MAR 10 1953

Federal Bureau of Investigation (FBI)
File No. 62-98634-EBF 8 - Section 1
Henry M. Blackmer, fugitive

UNSUBS, ALLEGED IRREGULARITIES
IN CONNECTION WITH THE INCOME
TAX CASE OF U. S. VS. HENRY M.
BLACKMER (UNITED STATES DISTRICT
COURT, DENVER, COLORADO)
MISCONDUCT IN OFFICE, BRIBERY

Bufile 62-98634

Dn File 58-35

NEWSPAPER ITEMS FROM DENVER POST
AND
ROCKY MOUNTAIN NEWS
OF
DENVER, COLORADO

NEWSPAPER ITEMS FROM
DENVER POST

Blackmer In Virginia For Winter

Henry M. Blackmer, fabulous Denver oil man, born with a King Midas touch, was back in this country from Paris Saturday, healthy, happy and enjoying life at 81 with rounds of golf at Hot Springs, V.

The multi-millionaire fled this country more than a quarter of a century ago to escape the Teapot Dome oil scandal and returned only last year to pay a \$20,000 income tax evasion fine. Then he quietly slipped back to Paris.

Blackmer, in a telephone interview with The Denver Post Saturday, was casual and cordial—and extremely uncertain about his immediate plans.

"It's nice to be back," he said. "I'm here for a rest and we have no plans at all. I'll be here all winter, though."

DAUGHTER GOING EAST

His wife, Kaja, a former Norwegian opera star, was with him. His daughter, Mrs. Eric Kistler of Denver, was reported headed "way back east," possibly to join them.

Blackmer said he "supposed" they would visit Denver "later on." He disclosed that he returned to Boston late in August for the funeral of his brother, Charles F. Blackmer, who was buried in Worcester.

"I've visited many of my friends—that's what I'm here for," Blackmer said when asked how he has been spending his time in the east. He was reported to have gone as far south as Georgia to play nine holes of golf on a favorite course.

Blackmer said he did plan "to get together" with his family sometime during the winter. He said his son Myron was now in San Francisco.

FEARS HIGH ALTITUDE

Harold D. Roberts, the oilman's Denver attorney, said Blackmer has been spending much time revisiting people and places in the east that he has not seen in more than twenty-five years he spent in voluntary exile in France.

Roberts said all Blackmer's legal troubles "are at an end."

"He's a citizen of this country and he gets a great deal of pleasure revisiting places he is acquainted with," Roberts said. He might shy off from a Denver visit "this trip" because the high altitude might have an adverse effect on his heart.

Blackmer Sails Aboard 'Elizabeth'

Henry M. Blackmer, a Denver resident when he made his first millions in oil and mining, was en route to Europe Friday aboard the liner Queen Elizabeth—but this time reportedly only for a business visit.

The last time Blackmer went to Europe, it was in 1924 and he stayed until last September. He pleaded guilty to income tax evasion in federal court here, and Nov. 2 was fined \$20,000 to dispose of charges pending two decades.

Blackmer's attorney, Harold D. Roberts, disclosed last Wednesday his client was returning to Europe for about three months to settle business matters. He was identified Thursday on board the liner, although his name was not on the passenger list. Denver still is his official residence.

DENVER POST
Denver, Colo.

Freeze of Blackmer's Fortune Ended in '47

The last government freeze order against the fortune of Henry M. Blackmer, millionaire Denver oil man, was removed on Jan. 21, 1947, his Denver attorney, Harold D. Roberts, disclosed Friday.

Blackmer, who recently paid fines aggregating \$20,000 in the federal district court for income tax evasion, returned to the United States Sept. 22 after twenty-five years voluntary exile in Europe.

"There is absolutely nothing new in the removal of government freeze orders against Mr. Blackmer's New York bank accounts," Roberts said. "The last order for

removal of the freeze was issued on Jan. 21, 1947, as strictly a routine procedure applied to the accounts of hundreds of other American citizens living in Europe during World War II."

SPECIAL ORDER.

When the Nazis overran France in June, 1940, the United States government applied freeze orders to all accounts of American nationals living in Europe to prevent the Nazis from obtaining access to the fund.

"This general order did not apply to Mr. Blackmer's funds because his accounts were with the New York Trust Company in the name of London Bank," Roberts said. "Mr. Blackmer is not believed these accounts to be property of the United States."

Roberts said that the New York Trust Company had been closed by the British government in 1940 and that the accounts had been transferred to the London Bank.

Order

DENVER POST
Denver, Colo.

Final Accounting

Henry Blackmer, after twenty-five years of self-imposed exile, has settled his long-past due account with the law. For a man of his wealth, the final settling-up process was relatively easy and painless—a fine of \$20,000, no jail sentence.

Eighty years old and obviously not in the best of health, Mr. Blackmer received his sentence in federal district court, paid his fine in the office of the clerk of the court and left the postoffice building a free man.

We can find no fault with the final judgment of the court and the final disposition of Mr. Blackmer's case. The cause of justice has been served as well as possible under the circumstances.

Judge Phillips, who presided as a "pinchhitter" in the case, had studied the background of the charges against Mr. Blackmer before passing sentence. He had a full report on the evidence against Mr. Blackmer and a full medical report on the physical condition of the defendant.

The judge, we are confident, based his sentence on the seriousness of the charges involved, the fact that all the income taxes which had been evaded had been paid up, with penalties, and the opinion of physicians that a jail sentence might easily prove to be a death sentence, which would not be justified.

Mr. Blackmer, it should be remembered, was only a minor actor in the oil-leasing scandals which shook the Harding administration back in the early 1920s—the scandals which revealed that Mr. Blackmer had made profits upon which taxes had not been paid.

It appeared for a time that U. S. prosecutors had worked out a "deal" for the final settlement of the Blackmer case. To have settled the case on such a basis would have been highly improper. The court, and not the prosecutors, has the duty of making the final determination in every matter before it.

We are satisfied that the final determination in this case was that of Judge Phillips, arrived at after considering all the facts, and was not an arrangement worked out by attorneys. That is as it should be.

NOV 3

NOV 4 1949

THE DENVER POST: Friday, Nov. 4, 1949

21

Probe Blackmer Case, Young Demos Demand

The Young Democrats of Denver, meeting in the Democratic club Thursday night, adopted a resolution calling for an investigation of the Henry M. Blackmer case. Blackmer, millionaire Denver oil man, was fined \$20,000 in the federal district court Wednesday for income tax evasion after his voluntary return from Europe where he spent twenty-five years in exile.

The resolution charged that the Blackmer case had shaken "public confidence in the country's tradition of the administration of justice for rich and poor alike" and requested Colorado's delegation in Washington to investigate circumstances of Blackmer's return to the United States to determine if any agreements or transactions with the government were involved.

The resolution, which precipitated considerable floor debate, expressed complete confidence on the part of the Young Democrats in the judicial integrity of Circuit Judge Orie L. Phillips, who pronounced sentence against Blackmer.

Other resolutions adopted at the meeting included one urging President Truman to appoint Governor Knous to the federal district bench and another saying Walter Walker, Grand Junction, Colo., newspaper publisher, is not the official spokesman for the Democratic party in Colorado.

DENVER POST
Denver, Colo.

5 Counts Dismissed By Jurist

By CHARLES T. O'BRIEN
Denver Post Staff Writer

Henry M. Blackmer, multimillionaire Denver oilman and one of the central figures in the notorious Teapot dome scandal of the early 1920s, was fined a total of \$20,000 by United States Circuit Judge Orie L. Phillips in the federal district court Wednesday for income tax evasion to which he pleaded guilty on Sept. 26.

Prior to fining the 80-year-old defendant, Judge Phillips dismissed five other federal criminal indictments charging Blackmer with perjury and income tax evasion.

Immediately after the brief court session was adjourned, Blackmer's attorney, Harold D. Roberts, paid the fine with two \$10,000 cashier's checks drawn on a New York bank, which wrote the final chapter to one of the biggest scandals that this nation has ever known.

NO JAIL SENTENCE.

Roberts told court attaches that he had brought a number of cashier's checks to court with him because of the fact that the law precludes the court clerk from accepting personal checks for federal fines.

In announcing that Blackmer would not be given a jail sentence, Judge Phillips said, in part:

"I do not believe the ends of justice would best be served by sentencing the defendant to jail and it is my considered judgment that no such penalty should be imposed."

Judge Phillips, in a formal statement which he read to a crowded courtroom, said he had decided not to impose a jail sentence for two primary reasons—the advanced age and serious physical condition of the defendant and the fact that Blackmer long ago had paid the government the principal of the income tax evasions, together with heavy monetary penalties.

NOV 2 1949

CLINIC REPORT READ.

Blackmer stood erect and silent with his attorney before the court as Judge Phillips pronounced sentence, never changing facial expression.

"Has the defendant or his counsel anything to say why judgment and sentence of the court should not be pronounced?" the court inquired.

Roberts stepped forward and said that all facts in the case had been presented to the court's probation officer, including doctors' reports on the physical condition of the defendant.

"I have before me the pre-sentence report of the probation officer for this district," Judge Phillips said. "Attached to the report is a letter to the probation officer from the Lahey clinic of Boston, Mass., setting forth the findings of the clinic respecting the defendant's physical condition based on recent examination and treatments of the defendant at the clinic."

DEATH DANGER CITED.

"The letter states the defendant is suffering from gall bladder disease of ten years' duration, complicated with gallstones, that because of the defendant's age, an immediate operation is inadvisable, but a condition may develop any time making an operation necessary, and that the defendant must adhere rigidly to a planned and restricted diet and that the defendant also is suffering from a coronary insufficiency, manifest by angina pectoris."

Judge Phillips said he had submitted the detailed medical report of the Lahey clinic to two distinguished Denver physicians of large experience and excellent reputation and they both stated "in view of the defendant's age and serious physical condition, imprisonment would be fraught with serious consequences and that, in their opinion, any substantial period of confinement would cause his death."

Under the four counts to which Blackmer pleaded guilty, he was liable to a maximum sentence of four years in jail and a maximum fine of \$40,000—one year and \$10,000 on each count.

(Blackmer perjury case too weak, judge says. Page 3, col. 1.)

DENVER POST
DENVER, Colo.

NOV 2 1949

Blackmer Perjury Case Too Weak, Judge Declares

See story on page 1 also.

Judge Orie L. Phillips, sitting in the Denver federal district court Wednesday, dismissed four perjury indictments against Henry M. Blackmer, millionaire Denver oil man, because he concluded the government could not establish these charges by evidence. The court also dismissed a fifth criminal indictment, charging income tax evasion, which was a duplicate of the one to which Blackmer pleaded guilty.

Two of the indictments charge the defendant committed perjury at Denver, Colo., on March 15, 1921, by subscribing and making oath to certain matters in his income tax return for the year of 1920, which he knew to be false and untrue, Judge Phillips declared.

Two of the indictments charge that the defendant committed perjury at Denver, Colo., on March 13, 1922, by subscribing and making oath to certain matters in his income tax return for the year 1921, which he knew to be false and untrue.

Under well-settled principles of law, it is essential to the commission of perjury that the defendant shall have been sworn or affirmed. In other words, to constitute a valid oath for the falsity of which perjury will lie, there must be in the presence of a person authorized to administer it, an unequivocal

cable act by which affiant takes on himself the obligations of an oath.

"I have carefully examined the files, reports and documentary evidence furnished me by the United States attorney and also a voluminous file of reports and documentary evidence furnished to me at my request by the intelligence unit of the internal revenue service, treasury department.

"The jurats of the notary public attached to the income tax returns indicate that the defendant subscribed and swore to them before the notary public at Denver, Colo., on March 15, 1921, and March 13, 1922, respectively.

ABSENT AT DATE INDICATED.

"However, photostatic copies of hotel records, letters, and other documentary evidence submitted to me demonstrate beyond possible doubt that the defendant was absent from the state of Colorado on March 15, 1921, and March 13, 1922, and during substantial periods immediately before and after each of such dates, and that during such periods of absence, he was in Chicago, New York, Washington, and other eastern cities.

"Other evidence in the files indicates that the defendant signed the income tax returns after they had been completed, and delivered them to a clerical employee, and that such returns were thereafter taken by such employee to the notary public who completed the jurats during the defendant's absence.

"Moreover, an affidavit made by the notary indicates that she would not testify that the defendant appeared before her personally and subscribed and swore to the two tax returns.

PRACTICE COMMON.

"There is little doubt under the evidence submitted, that the notary, being acquainted with the defendant's signature, completed the jurats and affixed her seal without the defendant personally appearing before her and actually taking an oath. While such practice is not proper, it is not uncommon where the notary is employed by the person affixing his signature and the notary knows the genuineness of the signature so affixed.

"Accordingly, it is my conclusion that the government could not establish the perjury charges by evidence, that a trial on the perjury charges would be a vain and useless effort and that the motions to dismiss are well advised. For the reasons indicated, the motions of the United States are granted and each of the indictments in the above cases are dismissed."

Blackmer, together with the late Albert B. Fall, secretary of interior in the administration of President Harding, and Harry F. Sinclair, millionaire oil man, was a central figure the Teapot Dome investigation, which involved the sale of naval oil reserves to private oil interests.

By coincidence, Blackmer's sentence was imposed just 10 years and one day after Fall was sentenced to one year's imprisonment and fined \$100,000 for accepting a bribe for signing the Teapot Dome lease on behalf of the government.

HEAVY PENALTY PAID.

Blackmer's plea of guilty was to income tax evasion totaling \$1,137,514.24 for the years of 1920, 21, 22 and 23. He already has paid the government in excess of 3 and one-half million dollars in fines, penalties and back income tax.

Blackmer fled to Europe in 1924 rather than testify before a congressional committee investigating the Teapot Dome case and returned to this country only five weeks ago to surrender on the criminal indictments which were returned by a federal grand jury after he became a European exile. The government made repeated attempts to extradite him, but in each instance the French courts ruled that income tax evasion and perjury were not extraditable offenses under the United States treaty with France.

DENVER POST

Denver, Colo.

THE PEOPLE MAY KNOW EVER POST

TEMBER 27, 1949

Proper Procedure

As a conscientious judge of the federal courts, Orie L. Phillips is going to make his own study of the case of Henry M. Blackmer and reach his own decision.

Mr. Blackmer, who started a self-imposed exile in France twenty-five years ago to avoid testifying in the Teapot dome case, has returned to face income tax evasion and perjury charges. His return has brought to light the fact that government attorneys in Washington have been busy for some time negotiating with Mr. Blackmer.

It is not within the province of the U. S. attorneys to decide Mr. Blackmer's case to suit themselves, however. They may make any recommendations they like for disposition of the case but the duty of passing final judgment rests with the court. Judge Phillips has made it plain that he intends to perform the duty required of him.

Regardless of what his decision may be, it will be a judicial decision, not an arrangement made by lawyers. The judge's action strengthens public confidence in the integrity of our court proceedings.

Our hope was that unification would have led before now to something sensational in high brass—say a general-admiral, with two chests to hold the ribbons.

EVER
EVER

SEP 28 1948

Request to Drop Blackmer Perjury Charge Explained

A letter from U. S. Attorney Max M. Bulkeley, Wednesday, explained his reasons for asking that perjury charges against Henry M. Blackmer, Denver oil multimillionaire and central figure in the Teapot Dome scandal, be dropped.

In view of Bulkeley's agreement, Blackmer pleaded guilty Sept. 26 in federal district court to an indictment charging income tax evasion.

Following is the text of Bulkeley's letter:

Sept. 28, 1948
To The Denver Post and the Rocky Mountain News,
Denver, Colo.
Gentlemen:

I feel that the public did not receive a full report of the proceedings in court on Sept. 26 concerning the Blackmer cases, especially as to my statement to Judge Phillips when he asked my reasons for the motions filed requesting dismissal of the perjury cases.

I had prepared a statement of my reasons, a copy of which after court adjourned was delivered to The Denver Post and a copy offered to the Rocky Mountain News. The Denver Post failed to mention my statement but did publish a statement prepared by the department of justice in Washington but not read during the hearing. The Rocky Mountain News published a garbled account of my statement.

In order that the public may be informed, the text of my prepared statement which is substantially the statement that I made in court is as follows:

"Case No. 5935 is a duplicate of case No. 5932. It involves the same identical facts for the same violations. Hence, in view of the plea now entered in case No. 5932, case No. 5935 should be dismissed.

"As to cases Nos. 5933, 5934, 5936 and 5937, these cases are all perjury indictments. The latter two cases are in reality duplicates of the other two and contain an alleged falsification of the jurats attached to the returns dated March 15, 1921 and March 13, 1922.

perjury cases against Blackmer could not be successfully prosecuted for the reason that the evidence was insufficient. He said, among other things, that he had now learned that the defendant Blackmer was as a matter of fact outside of the State of Colorado on both dates on which it was alleged that he had subscribed and sworn to the jurats attached to his income tax return in March of 1921 and March of 1922.

"After reviewing the evidence which I have found in the files, I have immediately reached the conclusion that the evidence in these cases is wholly insufficient to secure a conviction in either or any of the cases, if they were to be tried.

Upon the offer of Blackmer, made through his attorneys, to plead guilty of solo contumacy to the tax evasion cases, I saw no valid objection to a dismissal of the perjury cases. This was the whole arrangement made between the attorney for Blackmer and myself.

"The proper authority from the attorney general in Washington to dismiss the above numbered cases, and to move the court that these cases be dismissed.

The Denver Post and the Rocky Mountain News in almost all of their articles in recent days concerning the Blackmer cases have referred to the agreement between Blackmer's attorney and the United States attorney, stating as a fact, rather implying that there was something sinister or irregular in this proceeding in criminal cases where there are several charges against a defendant, in many instances a plea is offered in one or more cases on condition of the dismissal of other cases. That was all that our agreement amounted to in the Blackmer cases. They offered to plead guilty to the tax evasion case if the government in return would dismiss the perjury cases. This type of procedure occurs frequently, not only in the United States district courts but in state courts all over the country.

More than twenty-seven and twenty-eight years have elapsed since the alleged oaths were subscribed to these two income tax returns.

"An important or key witness in any prosecution for perjury is the officer who was supposed to have administered the oath, and to have a successful prosecution of a perjury case, it is ordinarily necessary to prove that the defendant appeared before the officer authorized to administer the oath and took the oath to the document.

In these cases the officer taking the oath of the defendant was Martha E. Thompson, a notary public and an employee of the defendant, Henry M. Blackmer.

"In 1928, while the grand jury was in session, she was intercepted on her way to work and taken to the office of the United States attorney where she was questioned concerning her knowledge of the jurats attached to the income tax returns of Henry M. Blackmer, executed on March 15, 1921 and March 13, 1922. She made certain statements to the United States attorney concerning the execution of the alleged jurats. However, four days later she (Miss Thompson) made a sworn statement changing her testimony somewhat from the statements previously made to the United States attorney. Among other things she said:

"I have no recollection that H. M. Blackmer signed these papers in my presence, nor have I a record that he did so. I also do not remember whether or not Mr. Blackmer took oath."

As her memory was imperfect and clouded at that time, manifestly it would not improve after a further period of twenty-one years.

"There is in the files in this case a letter written in 1933 by former United States Attorney George Stephen (now deceased) to ex-governor Ralph L. Carr at that time the United States attorney, and in which he expresses the opinion that the

As pointed out in the statement above quoted, I have reached the conclusion that there was insufficient evidence to sustain the perjury cases, and that it would be a hopeless proposition if the cases were to be brought to trial to secure a conviction.

It is not unusual to dismiss criminal cases. Many times such cases are started and it is later found for some reason that it is impossible to continue the case, and motions are then filed for dismissal of the case. Such motions are usually granted by the court upon the request of the prosecuting attorney. However, Judge Phillips, sitting at the files of the United States attorney, was readily satisfied. We have not the slightest objection to his investigation or to an investigation by any other responsible party as to our reasons for asking for a dismissal of the perjury cases.

If you are willing for your readers to have these facts, I will thank you to publish this letter in full.

Very truly yours,
MAX M. BULKEY,
United States Attorney.

(Editor's Note—The Denver Post does not concur in the complaint of United States District Attorney Max M. Bulkeley that the public was not thoroughly informed about all details of the government's reasons for dismissal of perjury charges against Henry M. Blackmer.)

(The Post covered this case thoroughly and objectively and at the request of the United States district attorney's office printed the complete text of a statement prepared by the attorney general's office in Washington setting forth in detail the reasons for the government's request to dismiss the criminal indictments.)

February was 1948's safest month with 7,500 accident deaths in the United States, the most dangerous with 9,200.

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Warning From Carroll On Blackmer Denied

United States Attorney Max M. Bulkeley confirmed Friday that Congressman John Carroll has investigated the Henry Blackmer case but denied receiving warnings against a situation with appearances of a "deal."

Bulkeley also verified reports of a possible congressional investigation of the matter.

Washington sources disclosed Thursday that Carroll had called Bulkeley in connection with federal action against the Denver oil tycoon, who has returned here to answer indictments stemming from the Teapot Dome scandal.

It was also reported that the congressman had warned the federal attorney against "even the appearance of a deal" which would shake public confidence in American jurisprudence. The sources quoted Carroll as saying he was concerned with the "speed" with which the multi-millionaire oilman was arraigned after his return from his self-imposed exile in Europe.

JUST WANTED FACTS.

"Mr. Carroll gave me no warning," Bulkeley declared. "He did call me Friday, Sept. 23, about the Blackmer case, but he did not in any way give me any warning against the appearance of a deal."

"All Mr. Carroll wanted, apparently, was to know the facts of the case. He said there was some talk of a possible congressional investigation. I told him I thought this was entirely unnecessary. There is really nothing to investigate."

"The facts of this case are very simple. He did say he would call me up again, but he has not called. I can agree with Mr. Carroll's view for a full investigation and complete disclosure of the facts."

"That is the reason I wrote my letter to the newspapers Tuesday. The Denver Post was kind enough to publish my letter in full."

"I can see nothing peculiar about the arrangements made in the case. It is a very common occurrence for a prosecuting attorney to dismiss a case when he finds that the evidence is wholly insufficient to procure a conviction. Our system of jurisprudence throws every protection around a defendant. The prosecution in a criminal case in order to secure a conviction must prove its case beyond reasonable doubt."

Bulkeley referred to dismissal of perjury counts against Blackmer after the defendant pleaded guilty to four counts of income tax evasion. U. S. Circuit Judge Orie L. Phillips has taken the case under advisement.

Bulkeley also emphasized that the sentence in the case "is entirely up to the judge. There is nothing I could or would do about it," he declared.

Blackmer Quiz Pushed By Carroll

An investigation of the Henry Blackmer case by Congressman John Carroll which began when the Denver oil tycoon returned from Europe to answer indictments stemming from the Teapot Dome scandal was disclosed Thursday by Washington sources.

It was learned Carroll called the attorney general and U. S. Attorney Max M. Bulkeley in Denver, warning against even the appearance of a deal which would shake the public's confidence in American jurisprudence.

Sources in the nation's capital quoted Carroll as saying he was not being critical of either the executive or judicial branches of government in handling Blackmer's case but was concerned with the "speed" with which the multi-millionaire oilman was arraigned after his return from self-imposed exile of more than twenty-five years.

PLEADED GUILTY.

Blackmer flew back to Boston Sept. 21 from France and after a physical checkup at a hospital returned to Denver by train last Saturday. He was arraigned Monday before U. S. Circuit Judge Orie L. Phillips and pleaded guilty to four counts of income tax evasion under an agreement whereby the government dropped five other counts of perjury.

Capitol sources quoted Carroll as saying: "I don't say there was a 'deal' but the people don't like even the appearance of a 'deal.' Every precaution must be taken to assure the people of equal rights under law for both the rich and poor."

COMMENDS JUDGE.

Carroll was reported as commending Judge Phillips for taking the case under advisement and saying he had "full confidence" justice would be done at the hands of the circuit judge.

He was quoted as saying his only protest—entered as a "citizen of Colorado"—was at the speed in handling a case "which has been hanging fire twenty-five years."

DENVER POST
Denver, Colo.

Magnate-Exile Admits \$1,137,514 Tax Evasion

See story on page 1 also.

The four-count federal criminal indictment to which Henry M. Blackmer, Denver oil man, pleaded guilty in the Denver federal district court Monday involves alleged income tax evasion of \$1,137,514.24 for the years of 1920-21-22 and 23, during a period that he was at the height of his career as one of the country's leading industrialists and 1 men.

Blackmer already has paid the government in excess of 3 and one-half million dollars in fines, penalties and back income tax, to pave the way for ultimate disposition of the criminal charges against him. The indictments were returned by Denver federal grand jury in 1928, four years after he had fled from the United States to Europe to avoid testifying in congressional investigations of the notorious Teapot Dome scandals.

DELAYED BY SYMES ILLNESS.

The federal court hearing Monday disclosed that the recent illness of Federal District Judge J. Foster Symes delayed Blackmer's voluntary arrival in this country from Europe to surrender on the criminal charges by a month or more.

Prior to consideration of the case, Circuit Judge Orie L. Phillips made a brief statement to attorneys in which he explained that Blackmer was originally scheduled to have appeared before Judge Symes on Aug. 23 after arrangements for Blackmer's return and surrender had been made through the attorney general's office in Washington. "I knew nothing about the arrangements for the return of Mr. Blackmer to this country," Judge Phillips said. "These cases had

been pending for a long time and when approached for the assignment of a judge to try them, I suggested they be postponed until Judge Symes' return to the bench. "Unfortunately, Judge Symes did not return and his retirement from the bench was announced."

Judge Phillips then asked United States District Attorney Max M. Bulkeley what arrangement the government had with the defendant for disposition of the criminal cases.

"The only arrangement that I know is that the defendant is to enter a plea to Case 5932," Bulkeley replied.

U. S. OUTLINES POSITION.

Bulkeley then sought to read a statement on the Blackmer case, which was prepared by the attorney general's office in Washington, but the court instructed him to place it in the file with other papers and evidence for study by the court.

The statement summarized the government's position in the case as follows:

"I would like to make the following statement to the court with respect to this case.

"The defendant, Henry M. Blackmer, was born at Worcester, Mass., on July 4, 1869. He later became a highly successful attorney and industrialist. At the time of the offenses which gave rise to these indictments, Blackmer was president of the Mid-West Refining company, and he also had been instrumental in organizing the Continental Trading company. Profits of this latter company were invested in United States bonds, some of which were ultimately traced to Albert B. Fall, former secretary of the interior. When it

seemed likely that Blackmer would be called to testify in connection with the investigation by the United States into the circumstances surrounding the leasing of the Teapot Dome oil reserve, Blackmer fled the country and all effort to secure his testimony were fruitless.

EVIDENCE DIFFICULT.

"The defendant was indicted on June 15, 1928, in this district on charges of perjury and attempted evasion of his income taxes.

"The defendant is to enter a plea to the indictment in case No. 5932, which charges that he attempted to evade and defeat his income taxes for the years 1921, 1922 and 1923.

After the court has imposed sentence on the defendant in this case, the government contemplates asking leave of court to dismiss the remaining indictments. The government is dismissing the other indictment charging tax evasion because this other indictment covers the same offenses to which the defendant has pleaded in case No. 5932.

"With respect to the perjury indictments, the government is unable to establish these offenses both from an evidentiary standpoint and also from the standpoint of satisfying the technical requirements for proof of the crime of perjury. The perjury indictments were returned largely for the purpose of satisfying the requirements of the treaty with France proclaimed by the president. Of course, as the court probably knows, the offense of income tax evasion was not extraditable under this treaty. All efforts to accomplish the extradition of the defendant were in vain and the defendant has continuously resided out of the jurisdiction from 1921 to Sept. 21, 1928."

DIFFICULTIES RECOGNIZED.

"The history of this case abundantly shows that the shortcomings of the perjury indictments were clearly recognized by the government counsel responsible for their return and by other government counsel who succeeded them in the supervision of this case. As long as sixteen years ago government counsel indicated a disposition to dismiss these perjury charges in the event that the defendant voluntarily returned to the United States to answer the charges on which he is now interposing a plea.

"The defendant has satisfied in full all tax deficiencies owing to the United States by the payment of \$3,671,064.95 in taxes, penalties and interest. Of this total amount, one and one-half million dollars was in satisfaction of the tax and penalties for 1916, 1917 and 1919, and \$2,171,064 was in satisfaction of taxes, interest and fraud penalties for 1920, 1921, 1922 and 1923. The fraud penalties alone for these latter years were approximately \$600,000. On May 6, 1932, the then attorney general, William D. Mitchell, agreed to the settlement which the bureau of internal revenue had made with the defendant on account of his unpaid tax liability.

"I am not authorized to make any recommendation as to the sentence to be imposed in this case.

FIGURED IN TEAPOT DOME.

Blackmer, together with Albert B. Fall, secretary of interior in the Harding administration, and Harry F. Sinclair, millionaire oil man, was a central figure of the notorious Teapot Dome case in the early '20s. Sinclair served a jail term for contempt of court and Fall was sent to the penitentiary for alleged acceptance of a \$200,000 bribe for the sale of government naval oil reserves to private oil interests for less than market price.

Blackmer fled to Europe in 1924 rather than testify before congressional committees investigating the Teapot Dome scandals.

DENVER POST
Denver, Colo.

U. S. Moves To Dismiss 5 Charges

By CHARLES T. O'BRIEN,
Denver Post Staff Writer.

Henry M. Blackmer, millionaire Denver oil man and an exile in Europe more than twenty-five years, pleaded guilty in the federal district court here Monday to a four-count criminal indictment charging income tax evasion.

Blackmer voluntarily submitted himself to the mercy and jurisdiction of the court. He is liable to a maximum jail term of four years and fines aggregating \$40,000 on the four counts.

Circuit Judge, Orie L. Phillips, sitting in the absence of Federal District Judge J. Foster Symes, postponed sentence indefinitely and took under advisement pending his own examination the government's request to dismiss five other indictments against Blackmer. Judge Phillips said a thorough and independent investigation will be made by the court as to the merits of the government's request for dismissal.

Meanwhile, Blackmer was freed on a \$5,000 cash appearance bond posted by his attorney, Harold Roberts.

Nolo Contendere Rejected.

Blackmer's outright plea of guilty was offered by Roberts after United States Attorney Max M. Bulkeley rejected an offer from the defendant to plead nolo contendere, a plea which neither admits nor denies the charge.

"Under instructions from the attorney general's office in Washington, we cannot accept this plea," Bulkeley said.

In announcing his decision to postpone final disposition of the nationally publicized Blackmer case, Judge Phillips ordered Bulkeley to turn over to him all of the government evidence and files in the twenty-one-year-old criminal case for investigation and study.

"I intend to make my own independent investigation of this case because I feel it is an obligation of court," Judge Phillips declared. "I must satisfy my own conscience."

In moving for dismissal of five of the six indictments, Bulkeley said that some of these were duplicates based on the same allegations and that he and several of his predecessors in the federal district attorney's office had long ago concluded prosecution of the indictments charging perjury would be impossible because of the flimsy nature of the evidence. The perjury indictments were based on Blackmer's alleged failure to have his income tax returns properly notarized.

Appears Genial

Blackmer, 67, was accompanied to court by his son, Myron K. Blackmer, and his daughter, Mrs. Erle Kistler, Denver socialite. He appeared genial and unperturbed as he stood beside his attorney before Judge Phillips, listening to the formal, complicated legal procedure and discussions of attorneys with the court.

During the hearing, Roberts brought out the fact that Blackmer is suffering from a heart condition and that his desire for treatment at the hands of American doctors was one of the principal reasons for his return to the United States to face the criminal charges. Blackmer, Roberts added, intends to enter a Boston clinic immediately for a thorough physical examination and treatment.

30-Day Delay Seen

Judge Phillips said this would be possible under the \$5,000 appearance bond and that Blackmer would not be required to remain in Colorado between now and the time that he is sentenced, which, the court stated, probably will be thirty days.

Judge Phillips said the decision to conduct his own investigation and not accept at this time the government's recommendation for dismissal of the other five criminal indictments was in no way a reflection upon either the attorney general's office in Washington or the U. S. district attorney's office here.

"It is a responsibility I must assume," the court stated.

(Magnate-exile admits \$1,137-

\$14 tax evasion. Page 3, col. 1.)

DENVER POST

Denver, Colo.

Spectators Surprised By Delay on Blackmer

In the hush of taut attention, the moderate tones of Chief Circuit Court Judge Orle L. Phillips carried clearly to the deep corners of the United States district courtroom Monday, and surprise quivered through the throng of lawyers, newspapermen and casual thrill seekers.

The twenty-one-year-old cases of the federal government against Henry M. Blackmer, were not yet to be settled. There would be yet more delay . . . only thirty days, perhaps, but delay.

The decision of Judge Phillips to "satisfy my own judgment and my own conscience" by examining indictments and documents personally apparently took everyone by surprise.

SON DISAPPOINTED

The assumption of spectators and court attaches, to which Judge Phillips had not contributed, was that the 80-year-old oilman's plea would be accepted, evidence taken, and sentence passed on the spot.

After steeling himself against his public embarrassment, the defendant himself was taken aback to realize that another court appearance will be necessary.

"Of course I'm disappointed," said Myron Blackmer, son of Henry Blackmer, following the hearing. "Yes, he's disappointed, too. He hoped this would end it."

U. S. Attorney Max M. Bulkeley likewise had expected immediate action. "I was surprised—I didn't expect Judge Phillips to do that."

SCENE DRAMATIC

The biggest crowd of newspapermen seen in the federal court for many a year reflected the high drama of the moment when, after a young lawyer had been admitted to practice before the federal bar and action was continued on a Tramway corporation case, Bulkeley arose to call up "Case 5932."

Harold D. Roberts, defense attorney, beckoned to his distinguished client to come forward.

Blackmer, from a place in rear-most row between his son and his daughter, Mrs. Erle Kistler, advanced. Only a few heads among the behind-the-rail audience turned to watch his progress. In the quiet, the squeaking of one of Blackmer's black shoes was noticeable.

FACE EXPRESSIONLESS

He took a position alongside Roberts, mouth set straight, face withholding expression. His left hand was clasped in his right behind him as, erect he looked directly at Judge Phillips.

Thick-lensed glasses, needed because of cataract operations four or five years ago, glistened with reflected light. His dark blue suit, white shirt and blue tie were neatly arranged.

Roberts made a futile appeal for

consideration of feelings. If Blackmer were allowed to plead nolo contendere, he said, his friends in Europe, familiar with the old Roman law, would understand. A plea of guilty would be looked upon more harshly, Roberts implied. When Judge Phillips declared he would not override Bulkeley's refusal to accept a plea less than guilty, Roberts assented. Blackmer's expression did not change.

BOND POSTED BY CHECK

Judge Phillips called for an investigation similar to those before sentence in other criminal cases, imposing responsibility on Federal Probation Officer A. L. MacAulay. MacAulay, however, said later that he expected no unusual considerations.

Three-quarters of the spectators left along with Blackmer while the court went on to other matters. The staffs of Bulkeley and District Court Clerk Walmer Bowman scurried about as Blackmer, his son, Roberts and Peter Holme Jr., another attorney, made arrangements for \$5,000 cash bond, which was posted by check by Roberts.

Blackmer read the conditions of the bond, appear when called upon, etc., after affixing his long and thin signature on the document. He and the others then went to MacAulay's office for a conference.

About 11:30, two hours after his chauffeured limousine brought him to the postoffice building, Blackmer withdrew. Roberts said he will probably rest a while here, then return to Boston for further physical examinations. Surgery may be called for, it was said, because of a chronic gall bladder condition. But he will return for final hearing whenever requested and will remain a citizen, officially a resident, of Denver.

DENVER POST

Sept. 26, 1949

Penalty for Blackmer Declared Up to Judge

SEP 24 1949

WASHINGTON, Sept. 24.—(AP)—The justice department claimed Saturday it will make no recommendation as to penalties when Henry M. Blackmer finally faces trial Monday on a 21-year-old tax evasion indictment.

Blackmer, Denver millionaire and prominent figure in the Teapot Dome scandals of the 1920's, arrived in Boston 16 days ago after a 25-year exile abroad. He is scheduled to enter a guilty plea to the indictment at a hearing in the federal district court in Denver.

The department, through a group of tax experts who discussed the case with reporters, said the question of penalty will be entirely in the hands of the judge.

FOUR TAX COUNTS

These experts corrected previous information made available by department sources which had stated that the indictment to which the guilty plea will be entered involved a possible jail term of one year and a \$5,000 fine.

The tax attorneys said the indictment contains four separate counts of tax evasion for the years 1920-23 and so carries possible penalties up to four years and a \$40,000 fine.

They emphasized that Blackmer actually is even with the government on back tax payments as a result of the \$3,670,000 settlement of the old claims while he was a self-exile in France to avoid testifying in the Teapot Dome inquiries. The department said that income taxes on the Blackmer properties in this country have been paid regularly in recent years.

INDICTED IN 1928

The justice department said that negotiations concerning the old charges against Blackmer had been in progress since the return of six indictments against him in 1928 charging tax evasion and perjury in the making of income tax returns.

It gave these details:

Over a year ago, the New York law firm of White & Case asked the department if it would dismiss the perjury indictments, make recommendations that the 81-year-old defendant not be sent to jail, and grant him a permanent general passport good for travel anywhere in the world, if he should return and plead guilty to tax evasion.

CONDITIONS REFUSED

The department at the time refused those conditions.

Then this spring Joseph B. Keenan, a U. S. prosecutor in the Tokyo war crimes trials, became associated with White and Case in representing Blackmer. Keenan proposed a trial for the exile "in absentia," which was refused. He then renewed the proposal for a no-jail sentence, recommendation which also was refused.

Keenan, the department said, then proposed that Blackmer be given a passport for a return to plead guilty to one tax evasion indictment, with the department dismissing the perjury charges and the three remaining evasion indictments.

This proposal was accepted on the recommendation of U. S. Attorney Max M. Bulkeley at Denver.

DEPT. OF JUSTICE
SEP 24 1949

Blackmer's Freedom Near in U. S. 'Deal'

SEP 23 1949

See story on page 1 also.

Only a brief weekend remained Friday before Henry M. Blackmer clears his name of all charges held against him by the federal government, and by paying some thousands of dollars in fines presumably can walk away a free man.

Blackmer, immensely wealthy former Denverite, was in Chicago en route here by train from Boston with his wife following their arrival there by trans-Atlantic plane. He was expected to reach Denver Saturday morning.

Then, at 9:30 or 10 a. m. Monday, he will stand in the United States district court to answer to criminal charges pending for twenty-one long years. United States Attorney Max M. Bulkeley said he believed Federal Judge Orie L. Phillips, of the tenth U. S. circuit court of appeals, sitting temporarily on the district bench will take the plea of the famous exile.

Justice department sources at Washington indicated Blackmer may plead guilty to four counts of an indictment alleging evasion of income taxes. The maximum penalty on each count is one year in jail and \$10,000 fine.

Bulkeley said, however, that it is "out of the question" that the 30-year-old man would go to jail. The maximum punishment, therefore, would be \$40,000 in fines.

It appeared certain that a "deal" arranged between Blackmer's lawyers and top officials of the justice department calls for dismissal of the other indictment containing two counts of perjury.

Harold D. Roberts, Blackmer's Denver attorney, said that for fifteen years the government has known it could not prove Blackmer committed perjury, and dismissal of this indictment "is the most ordinary thing."

"ROUTINE" HANDLING CLAIMED.

He objected to the press emphasis on "a deal," declaring that the handling of the cases would be the same if any individual—"John Doe"—had been involved, and the government recognized it did not have a case.

DENVER POST
Denver, Colo.

Technical Guilt Plea Predicted

By CHARLES T. O'BRIEN,
Denver Post Staff Writer,
United States District Attorney

Max M. Bulkeley admitted here Thursday that the United States government had a "prearranged deal" with Henry M. Blackmer, multimillionaire Denver oil man, prior to the latter's arrival in the United States from Europe Wednesday. Blackmer's arrival in Boston, Mass., by plane, to answer to six twenty-year-old federal criminal indictments charging perjury and income tax evasion, resulting from the notorious Teapot Dome investigations in the early

Leaves Hospital

BOSTON, Sept. 22. (UP)—Henry M. Blackmer, a central figure in the Teapot dome oil scandal, left New England Baptist hospital shortly after 3 p. m. Thursday and told newsmen, "I shall make no statement to the press until I reach Denver."

20s, ended the fugitive oil man's twenty-five-year voluntary exile in Europe to which he fled in 1925 in preference to testifying before a United States senate investigating committee.

MADE IN WASHINGTON.

Although Bulkeley refused to disclose terms of the supposed deal, it is assumed here that Blackmer will be permitted to enter pleas of nolo contendere to the criminal charge, which is a technical plea of guilty.

Bulkeley indicated that the "prearranged understanding" was made on a high-level basis between Blackmer's attorneys and the attorney general's office in Washington.

"I am not free to disclose any information until after Blackmer's arrival here," Bulkeley said.

MANY WITNESSES DEAD

Government prosecutors pointed out that to prosecute the six federal indictments on a trial basis is next to impossible because of the long lapse of time and the fact that most of the key witnesses in the Teapot Dome investigation are now dead.

Meanwhile, Blackmer, who is now 80 years old, entered a Boston hospital late Wednesday for a routine physical checkup, preparatory to starting for Denver Saturday, where he will surrender to the United States marshal on the criminal charges. Precisely when he will arrive here depends on findings of the physical examination.

Blackmer already has paid the United States government almost 4 million dollars in fines and delinquent income taxes to pave the way for disposition of the criminal charges in the federal district court here.

SON LIVES IN DENVER

Blackmer, known as the "man without a country" during his long exile in Europe, was a central figure in the Teapot Dome investigation which ultimately sent Harry F. Sinclair, millionaire oil man to jail, and landed a presidential cabinet member, Albert B. Fall, former secretary of the interior, in the penitentiary. He was a director of the Continental Trading company.

Blackmer, whose son, Myron Blackmer, still resides here, was accompanied to the United States from France by his wife, Elde Norena, Norwegian opera singer, whom he married in Europe in 1939.

(Additional details, pictures on page 3.)

DENVER POST
Denver, Colo.

SE 1949

SEP 22 1949

Penchant for Making Money Turned Prosecutor Into Tycoon

By ROBERT STAPPE
Denver Post Staff Writer

When recently indicted, Blackmer, a decade ago that Henry M. Blackmer, an exiled oil tycoon, had piled up still another fortune in France, an associate expressed the prevailing sentiment of those who had had business dealings with him: "Blackmer could make money on a desert island," the friend commented.

This penchant for making money evidenced itself early in the career of the man who for fifteen years was the pater in an international rug-war.

Born in Worcester, Mass., in 1860, Blackmer followed his grandfather and his destiny to the western mountains, down whose slopes he earned a fortune in the oil and silver. After building up a reputation as a lawyer and an oil man, he moved to Denver to launch the spectacular

career that brought first fame, untold wealth, and exile.

At the age of 31 he had amassed a considerable fortune. In 1901 he laid the foundation for his financial "kyscraper" by organizing the "Cripple Creek" syndicate. In 1911 he took over many of David Moffat's enterprises from the aging empire builder. He became president of the International Trust company of Denver and served during the first World War as chairman of the Rocky Mountain division of the national petroleum

war service corporation. The fatal crack in his pyramid of wealth developed when he gained control of the Standard Oil company, he began holding that company up the Salt Lake City oil field, not far from Teapot Dome in Wyoming. With his customary acumen, he negotiated an alliance with Standard Oil of Indiana and his small company expanded rapidly.

Blackmer was riding the crest of the wave in 1922 when a sharp-eyed clerk in Washington ran across an interesting set of figures.

Checking up the accounts of Albert R. Fall, secretary of the interior, the clerk discovered that the purchases of Standard Oil of Liberty bonds which he held coincided with those of some securities purchased by one H. C. Osler, president of the Continental Trading company. Investigation disclosed that the Continental Trading company apparently had transacted only one item of business, the purchase of 33,333 barrels of oil at \$1.50 a barrel and the immediate resale of same at \$1.75 a barrel to companies headed by Blackmer, Harry W. Sinclair, Col. Robert W. Stewart and J. E. O'Neil. The profit of \$75,000 allegedly was divided among the four principals.

In 1924 when the transaction

was linked to the Teapot Dome scandal and a senate investigating committee called upon Blackmer to testify, he slipped away to Europe.

They began a grim game of cat-and-mouse that lasted for fifteen years. The government sought a number of times to extradite Blackmer from France, where he had sought refuge. France refused to return him, and in 1927 his passport was revoked, making him literally a "man without a country."

On the surface that looked like a puny reprisal, Blackmer, by virtue of his wealth, prestige and personal charm, commanded all the pleasures that continental society offered. But no sooner had the government given up its pursuit than he began making overtures to return.

SETTLED TAX SUIT.

He paid \$3,670,784 to settle a suit for back taxes and \$60,000 in contempt fines. He repeatedly sought to obtain a settlement of the penalty and to evade charges returned against him by a federal grand jury in Denver, but the government refused to come to terms.

His wife, Lucy Carter Blackmer, who had followed him into exile, returned to New York for medical treatment and died there in 1932. Two years later, Blackmer married Eide Novena, a Norwegian opera star.

Through the years his name cropped up in the newspapers less and less frequently. The German occupation of France aroused speculation as to his fate. Despite the fact that he had no passport, he managed to cross the border into Switzerland.

There he has lived quietly on a luxurious estate near Geneva.

At 80, Blackmer appears to be in good health and looks twenty years younger than he is. Through his lengthy exile, he demonstrated an unflagging interest in Denver and the people he knew during the days of his triumph.

Some deep-rooted sentiment has drawn him home again.

DENVER POST
Denver, Colo.

Plea Evokes Ghosts of Oil Scandal

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Ghosts of the Teapot dome and Continental Trading company scandals of two decades ago were raised Saturday by an effort to return home by Henry M. Blackmer, Denver oilman who left this country rather than testify in the Teapot dome case and became a fugitive from justice after he refused to return.

Blackmer was associated in the trading company with Alan E. Sinclair, who had a prominent part in the Teapot dome transactions which brought dishonor of the Harding administration.

That scandal exploded in 1924, the same year that Blackmer left the United States. Albert E. Fall, U. S. New Mexico interior secretary, and Edwin Denby, navy secretary, resigned in disgrace after their part in leasing navy oil reserves to private interests was disclosed.

BONDS TRACED

Liberty bonds in Fall's possession were recognized as a bribe, and all, and Sinclair, both, landed in prison after a senate committee's investigation had rocked the nation.

The bonds, meanwhile, had been traced to the Continental Trading company, of which they were dividends, and the trading company itself came under scrutiny. The filing disclosed this series of actions.

The late A. E. Humphreys of Denver had a major oil discovery in Mexico, Tex., and needed an outfit. Blackmer helped form the trading company to buy the oil. He was president of the Midwest Mining company. Associates were Sinclair, Robert W. Stewart, board chairman at Standard Oil Company, Indiana, and James E. O'Neil, president of Prairie Gas & Oil company.

Continental bought Humphreys' oil at \$1.50 a barrel and without forming any other function sold for \$1.75 to Sinclair's Sinclair Lumber Oil Purchasing company and Neil's Prairie Gas & Oil.

Stewart, who had guaranteed the contract with Humphreys to buy 33 and one-third million barrels of oil, was driven out of his Standard Oil position. O'Neil, like Blackmer, escaped to France.

The government at one time alleged taxes had not been paid on one million dollars in profits, or on the \$400,000 for which the company, a Canadian corporation, sold its contracts when it dissolved.

These are indications of the value of the company to those interested in it. Another was an admission by Sinclair before the senate committee that \$757,000 in Liberty bonds sent to him by Blackmer were company dividends. Most convincing proof of all were the income taxes which Blackmer ultimately paid.

Blackmer Asks 'Deal' For Return

By ROBERT STEINBRUNER.
Denver Post Staff Writer.

Henry M. Blackmer, former Denver oil multimillionaire and an expatriate in Europe twenty-five years, wants to settle the criminal charges the federal government holds against him here, so as to come home without having to face department of justice agents when he lands. He is 79 years old.

Six indictments alleging perjury, and evasion in income tax returns for 1920, 1921 and 1923, pend against him. They were returned by a special federal grand jury June 15, 1928, and have been kept in force should Blackmer ever come back.

All other claims of the federal government have been settled—income tax delinquency through payment of \$3,700,784.47 in taxes, penalties and interest, and contempt of the supreme court of the District of Columbia through payment of a \$60,000 fine both in 1932.

OTHER FEELERS FAIL.

Blackmer, in Geneva, Switzerland, authorized a prominent New York city attorney to sound out the department of justice as to the technic of getting the cases to be considered without Blackmer's being present.

Other "feelers" during years past have failed completely. But under the new rules of federal court procedure, it appeared possible that the defendant might be permitted to plead guilty "in absentia" to the misdemeanor evasion charges. For such an action to achieve Blackmer's objective, it would be necessary for the perjury charges, which are felonies, to be quashed.

That this is the procedure being attempted was clear beyond doubt Saturday even though no formal request has been made of U. S. Attorney Max M. Bulkeley here, or of Attorney General Tom Clark in Washington.

UNABLE TO TRAVEL.

There was no indication whether Clark and Bulkeley would sanction the procedure. Their approval or disapproval would not be necessary or what will be a court action, but their decision would be an important influence on the court.

United States District Judge J. Foster Symes, whose ruling ultimately would be required, said he has never permitted a defendant to be tried in absentia.

Persons in touch with Blackmer described him Saturday as an aged man without a country, unable to travel even in Europe because of his inability to get a passport.

(Some chance of success seen in bid. Page 2, Col. 5)

DENVER POST

Denver, Colo.

NEWSPAPER ITEMS FROM
ROCKY MOUNTAIN NEWS



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HOME

FINAL

WEATHER—

Fair

PRICE 5 CENTS

BLACKMER SET TO BE IN PARIS BY CHRISTMAS

—STORY ON PAGE 5

Blackmer Prepares to Return to Paris

5 ROCKY MOUNTAIN NEWS

By PASQUALE MARRANZINO
Rocky Mountain News Writer

A new Henry M. Blackmer, persona non grata in Washington for 23 years, was in the national capital yesterday completing the port arrangements for his return to France.

The 80-year-old Denver multi-millionaire, who unexpectedly ended a self-imposed exile in France when he returned to this country Sept. 22, was reported to be inferring with State Department officials for a regular passport which will allow him passage back to France.

His Washington was reportedly being paved by the same influential "fair-haired" boys who arranged for his return to this country, managed to have four indictments against him quashed, and arranged to settle a 5-year-old federal income tax rap for \$20,000 in fines. Whether Blackmer ever will return to this country

after he leaves was not known. He plans to be in Paris by Christmas.

That he ever will return to Denver, where he made his sizable fortune, was a question. During his brief stay here while awaiting final disposal of his federal indictments, Blackmer told friends that he could not stand the altitude and would spend his remaining years at sea level. Residence at a lower altitude was advised by his physicians.

Blackmer's return to this country was arranged quietly by State Department officials who granted him a special passport which was revoked as soon as he disembarked from his trans-Atlantic plane.

It was understood he would receive a regular passport without restriction when he returns to France.

It appeared that government officials now regard the Blackmer case as closed and henceforth will grant him full rights as a citizen.

The Rocky Mountain News yesterday disclosed that the government had thawed the freeze-order imposed on Blackmer's 10-million-dollar bank cache and that the oil baron had taken over the fortune.

Blackmer's Denver attorney, Harold D. Roberts, supplied additional details. He said the removal of the freeze was completed Jan. 21, 1947, and was "strictly a routine procedure applied to the accounts of thousands of other American citizens living in Europe during the war."

"Shortly after the government froze the accounts in June, 1940," Roberts said, "Mr. Blackmer made a voluntary declaration of his accounts. The general order did not apply to Blackmer because he held the accounts in two New York banks in the name of two London banks. As soon as he made his declaration, the freeze was applied."

Blackmer's banking circle at the Blackmer move as a result of changing strategies which earned him the rating of one of the world's shapeliest financiers.

Treasury Secretary Morgenthau, one banker, who asked that his name be withheld said, "anyone to the world that the 10-million-dollar fortune had been traced to Blackmer. That was not true Blackmer declared it. The government felt happy about it, but, in fact, the easy Blackmer had trapped them."

"The situation was this. France and all of Europe except England had been overrun by the Nazis. Blackmer fled to Switzerland. The money he had in this country was held in no personal name, but in the name of London banks."

U. S. Protected His Cash.
"The money was held in the National City Bank and the Bankers Trust in New York City. Blackmer had his eyes open. He knew that Hitler threatened to overrun England, and that if he did, Blackmer's fortune in London banks would be shaken out."

"So the government he had fled, whose laws he had refused to heed, came to his help. When Blackmer offered to claim the 10 millions, the government offered its protection and the money was safe," the banker said.

Just how much money Blackmer dumped into American banks from Europe when the threat of war became grave is not known.

The government apparently realized what happened in June, 1942, when it issued a special letter to the Federal Reserve Bank of New York directing it not to permit transfer of any Blackmer accounts without consultation with Washington.

Lost Little of His Wealth
Between 1942 and 1946, the Washington Federal Reserve Bank cleared 55 transactions involving the accounts. Blackmer previously moved to consolidate the accounts, and this was completed with the New York Trust Co.

On Jan. 15, 1947, Blackmer requested release of his money. The release was granted six days later.

When Blackmer paid his \$20,000 fine last week he paid it with certified checks on the New York Trust Co.

Friends indicated the aged wizard had lost some of his fortune when the Nazis swept over Europe, but said that the "substantial" bulk of his fortune had been protected by Blackmer's canny moves.

ROCKY MOUNTAIN NEWS
Denver, Colo.

U. S. Unfreezes Blackmer's Hoard Of \$10,000,000

By JAMES M. DANIEL

Rocky Mountain News Washington Correspondent

WASHINGTON, Nov. 11.—The federal government has unfrozen a fortune of more than 10 million dollars belonging to Henry M. Blackmer, the income tax fugitive who recently paid a \$20,000 fine in Denver for tax evasion.

Date of the unfreezing was not disclosed by officials of the Justice Department's alien property custodian office. However, it apparently took place prior to, or simultaneously with, the decision by high Washington officials to drop felony charges against Blackmer if he would come back to the United States and plead guilty to misdemeanors.

Hidden Funds Found in 1942

The Blackmer funds were discovered in June, 1942, hidden away in New York banks under named accounts and accounts edited to Swiss and London

banks which were acting as Blackmer's agents.

At the time, Treasury Secretary Morgenthau announced that tight controls had been placed over \$3,865,000 in U. S. treasury notes, Series A., due June 15, 1942 and \$3,250,000 in Series B notes due March 15, 1944. Also blocked were \$263,000 in cash and several million dollars of municipal bonds, including some Arlington County, Va., school issues.

The foreign funds control office of the treasury already had placed a general freeze over the assets in this country of enemy governments and their nationals, and the governments and nationals of occupied countries. Blackmer, then living in France, was considered an enemy national.

Still a Fugitive

After his hidden funds were discovered, a special blocking order was issued for his funds alone. The treasury press release on the action recalled that he was still a fugitive and had successfully resisted several efforts to extradite him to this country between 1927 and 1932.

That press release was the last time any Washington official volunteered information about the Blackmer fortune. Earlier this fall, when Blackmer suddenly arrived by air in Boston and immediately took refuge in a hospital there, the Treasury was unable to answer reporters' queries

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3—ROCKY MOUNTAIN NEWS—

Friday, Nov. 11, 1949

U. S. Frees Millions Of Blackmer's Fortune

(Continued From Page 3)

as to the status of Blackmer's fortune.

The mystery was partially cleared up today by the alien property custodian's office, which took over foreign funds control from the Treasury in 1946. Officials there said that prior to transfer of the function from the Treasury an order was issued rescinding the special freeze on Blackmer's fortune.

Details Are in Doubt

This left Blackmer's funds covered only by the general freeze order which permitted a national or resident of a liberated country to apply for unblocking through the government of the country where he resided, or else to appear personally in the United States and claim his funds from the banks where they were deposited.

The present files on Blackmer's case, it was said, fail to disclose which of the two procedures he used. However, alien property officials are certain that his money has now been restored to him. They said some of the papers in his case might have been misfiled.

While the treasury supervised his funds, Blackmer was allowed considerable freedom in manag-

ing them. Special licenses were issued permitting him to put the money in his own name and to buy and sell securities. There were 55 licenses of this type recorded.

Blackmer was reported as registering Tuesday at the Mayflower Hotel here, but yesterday the hotel management said that he had checked out.

NEWS

Blackmer Pays Fine of \$20,000, Leaves Court Here a Free Man

Henry M. Blackmer, Denver oil tycoon of the 20s, left Federal District Court yesterday a free man.

For the first time in 25 years the erstwhile power of the financial world could breathe American air free from the grim shadow of the arm of never-forgetting justice.

Less Than \$1000 a Year.

Stoop-shouldered, slow moving, palpably ill, the 80-year-old Blackmer stood before the bar of justice and heard Judge Orie L. Phillips return him to the good graces of his country upon payment of a \$20,000 fine.

The fine amounted to less than a thousand dollars for each year of Blackmer's self-imposed exile.

During those 25 years, Blackmer changed from a middle-aged man engaged in the heady business of amassing a fortune into a tired old man with only one thought in mind—to live out his last days quietly in the land of his birth.

The crowded courtroom was hushed as Blackmer stood yesterday morning before Judge Phillips.

Read 'Henry Blackmer Case Is Closed' on Page 27.

and heard him read a medical report which, even to the layman, could have but one interpretation—Blackmer was a sick man.

Quickly Pays Fine.

The elderly financier, shoulders hunched beneath his dark gray business suit, stood stolidly as the judge said: "I do not believe the ends of justice would be served by sentencing the defendant to jail, and it is my considered judgment that no such penalty should be imposed."

Blackmer quickly paid the \$20,000 fine after Judge Phillips imposed it, then stepped from the somber courtroom into the brilliance of a warm autumn day. It was the first free breath he had drawn in Colorado, where he amassed his fortune, since he slipped into exile 25 years ago.

He appeared in court a few minutes after 10 a. m. accompanied by his attorney, Harold D. Roberts, a son, Myron, and a daughter, Mrs. Erle Kistler, Denver socialite.

His wife, the former Eide, Norene, Norwegian opera star of a decade ago, was not present.

Arrived Two Hours Earlier.

Blackmer had arrived in Denver only two hours earlier after a 36-hour train trip from the Boston clinic where he had been staying for the past few weeks.

Blackmer returned to the United States in September to face the income tax evasion indictments after 25 years of voluntary exile in France. He left this country in 1924 at the height of a congressional investigation into the Teapot Dome oil scandals of President Harding's administration.

Blackmer appeared before Judge Phillips Sept. 27 and pleaded guilty to the four charges after reaching an agreement with the Justice Department to have two other perjury indictments and three of four tax evasion charges dismissed.

Examined Evidence.

The five indictments were dismissed yesterday on a motion by U. S. Attorney Max M. Bulkeley.

Before dismissing the indictments, Judge Phillips said he had made an examination of evidence and reports accumulated by the Internal Revenue Bureau of the Treasury Department.

He said the evidence showed Blackmer to be absent from Denver on March 15, 1921 and March 13, 1922 when the tax returns for the two questioned years were filed and sworn to.

He said further: "There was little doubt that the notary at the time affixed her seal without the defendant personally appearing before her and actually taking an

(Continued on Page 8.)

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ROCKY MOUNTAIN NEWS
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Blackmer Pays Fine of \$20,000, Leaves Court Here a Free Man

(Continued From Page 7)

path. While such practice is not proper, it is not uncommon when the notary is employed by the person signing his signature and the notary knows the genuineness of the signature so attested.

Blackmer then testified that he explained the notary and stated she would not testify that Blackmer appeared before her personally and subscribed and swore to the two tax returns.

In dismissing the charges, Judge Phillips said: "It is my conclusion that the government could not establish the penalty charges by evidence that a trial on the merits would be a vain and useless effort and that the motions to dismiss are well founded."

Before passing judgment on Blackmer for the admitted evasion charges, Judge Phillips said he had made a careful presentence investigation through the federal probation office of Blackmer's physical condition.

Doctors Uphold Findings

He said that information received from the Lanes Clinic where Blackmer has been under treatment since his return to this country indicated Blackmer was suffering from early bladder disease, complicated by prostatitis, a coronary insufficiency and a history of recurring attacks of diverticulitis, a disease of the bladder or intestines.

Blackmer's medical history further showed, James Phillips said, that he must follow a low residue diet. He said that because of Blackmer's age, an immediate operation has been found inadvisable, but a condition may develop at any time making an emergency operation necessary.

Fine Paid Immediately

Judge Phillips said he submitted the clinic findings to two disinterested Denver physicians and they both stated that in view of the defendant's age and serious physical conditions, imprisonment would be fraught with serious consequences and that any substantial periods of confinement would cause his death.

The court imposed a penalty of \$5000 on each of the four counts and the fine was paid immediately to G. Walter Bowman, chief clerk of the court. The payment was in



Rocky Mountain News Photo.

Henry Blackmer pays his fines

thorough study of the case before passing sentence.

Suffering from a cold which he attributed to coming to this high altitude, Blackmer said he was out of business and am staying out.

Plans to Return to Boston

He said he intended to make Denver his legal residence and would stay here as long as his health would permit. He reported he would return to Boston within a few weeks for further check-ups.

Asked if he had left this country in 1934 to avoid testifying in the

Teapot Dome Scandals, Blackmer replied vigorously: "That is not true. I went to Europe to live before the scandals came up."

He dismissed any further questions on the subject by saying, "I don't wish to talk about my friends."

Bulkeley, who represented the government in the hearing, expressed satisfaction over the court's final decision in settling the long-standing case.

"I don't know how it's going to set in Washington, but so far as this office is concerned, we are satisfied," he said.

fine of \$40,000 and four years im-
prisonment.

At the Brown Palace Hotel,
Blackmer said, "I'm glad to have
the case disposed of."

He said he had no further com-
ment to make on the court's
decision and referred the reporters
to his attorney. Roberts praised
Judge Phillips for the court's

Judge Weighs Blackmer Fate



Judge Phillips

SEP 27 1949

—STORY ON PAGE 5

ROCKY MOUNTAIN NEWS
Denver, Colo.

Judge Weighs Fate of Blackmer, Promises Decision in Thirty Days

By PASQUALE MARRANZINO
Rocky Mountain News Writer

U. S. Circuit Judge Orie L. Phillips yesterday upset a prearranged "deal" between the government and Henry M. Blackmer when he refused to dismiss four perjury charges against the 80-year-old repatriate tycoon.

Asserting he "had to satisfy my own judgment and my own conscience," Judge Phillips ordered the complete file of the 21-year-old perjury indictments turned over to him for personal investigation.

PROMISES DECISION 'IN ABOUT 30 DAYS'

In so doing, the judge reserved decision on a government motion for dismissal of the four cases, made by U. S. Attorney Max Bulkeley.

The judge said he would make his decision "in about 30 days" and ordered the aged multi-millionaire held under \$5000 bail and subject to a second investigation by U. S. Probation Officer A. L. MacAuley.

Blackmer, through his attorney, Harold D. Roberts of Denver, sought to enter a plea of nolo contendere to charges of income tax evasion pending against him since 1928.

Bulkeley refused to take the plea.

"I cannot approve that plea," he told the court, "under direction of the U. S. attorney general."

NO SIGN OF EMOTION SHOWN BY BLACKMER

Judge Phillips backed up Bulkeley and Roberts then entered a plea of guilty.

There was no visible sign of emotion in Blackmer, who stood before the court immobile, his hands behind his back.

Judge Phillips said he would reserve sentencing on the guilty plea until he has made his decision in the perjury cases.

Roberts then asked that Blackmer be allowed to leave the state because of the necessity of a health checkup at a clinic in Boston.

He said Blackmer's Paris physician had asked that he "remain no longer than 24 hours" in the high altitude of Denver because of a heart condition.

ALLOWED TO LEAVE, BUT MUST REPORT IN

Judge Phillips allowed Blackmer to leave the state, adding that he should make his whereabouts known to Bulkeley and MacAuley.

The judge also denied a request by Roberts that sentence be passed while Blackmer is away, asserting Blackmer would be notified when he should appear in court for final judgment.

A packed courtroom greeted the famed financier when he arrived at the Federal Bldg. at 9:30 a. m.

Among the spectators were several Denver detectives and six agents from the Treasury Department.

Blackmer was accompanied by his son, Myron K. Blackmer, Denver investment man; his daughter, Mrs. Erle Kistler, and Roberts.

He sat at the rear of the court

(Turn the Page)



With steady hand and after long perusal, Henry M. Blackmer, 80-year-old Denver repatriate, signs papers granting him bail after posting \$5000. Beside him stands his attorney, Harold D. Roberts, who tendered his personal check as bail.

—Rocky Mountain News Photo.

Judge Weighs Fate of Blackmer

(Continued from Page 5)

While the judge handled preliminaries and then calmly and with great dignity walked to the bar to stand silently while Roberts made his first plea and then the plea of guilty.

After court Blackmer walked into the office of U. S. District Court Clerk G. Walter Bowman where Roberts tendered his personal check for \$5000 bail.

Before signing the bail order, Blackmer perused it intently through his horn-rimmed spectacles and then signed with steady hand.

Roberts said the central figure in the Teapot Dome oil investigations apparently is suffering from gall bladder trouble which makes it necessary that he return to Boston for consultations.

Judge Phillips made a preliminary statement before the hearing began, in which he had read into the record his entrance into the case.

He said that on Aug. 15 he was confronted by Bulkeley, who told him of a prearrangement between the government and Blackmer which had been set for hearing by U. S. District Judge J. Foster Symes for Aug. 23.

"That is the first time I knew anything whatever about the arrangement," the judge said.

He said Bulkeley informed him that Judge Symes, because of illness, would not be able to preside at the hearing and asked that he do so.

HESITATED IN ASKING OUTSIDER TO SIT IN CASE

"For obvious reasons I hesitated in asking an outside judge to sit in the case. On Sept. 10, Mr. Roberts called me and requested that another judge hear the case. This morning I called Judge Symes' physician, who told me it was impossible for the judge to hear the case this morning or for a long time," he said.

After reviewing his reasons for taking the case, the judge asked point-blank: "Are these pleas scheduled for today contingent upon an agreement between the government and the defendant?"

"Yes," Bulkeley answered, "the arrangement was that he enter a plea of guilty to one of the cases and that the other four perjury cases be dismissed."

"What is the reason the government proposes to dismiss the perjury cases?" Judge Phillips asked.



Henry M. Blackmer, center, arrives at the Federal Bldg. to face charges he successfully evaded for 21 years while living in exile in

France. With him are his son, Myron K. Blackmer, Denver investment broker, and his daughter, Mrs. Erle Kistler, Denver socialite.

—Rocky Mountain News Photo.

attempt to read a statement he had prepared in advance.

After court adjourned Roberts expressed "disappointment" that the case had not been completed. He commended Judge Phillips on "the high plane of his courtroom procedure."

Bulkeley said the judge's decision "was a surprise."

He added that the attorney general's office had asked him only to motion for dismissal of the perjury charges and in no way to make recommendations to the court.

LIABLE TO 4 YEARS IN JAIL AND FINE OF \$40,000

Last week Bulkeley had stated he "couldn't ask that an 80-year-old man be sent to jail."

Under his guilty plea, Blackmer is liable to a jail sentence of four years or fines of \$40,000 or both.

In his prepared statement for the court, which Bulkeley handed to reporters, the district attorney reviewed the case against Blackmer.

He pointed out that Blackmer had fled the country in 1924 when the government sought to question him regarding his knowledge of the Teapot Dome oil scandal. All efforts to bring Blackmer from France to this country for testimony failed.

RECALLS BLACKMER PAID \$3,671,064 IN 1932

Blackmer was indicted here June 15, 1928, on charges of income tax evasion and perjury. He successfully avoided extradition.

"As long as 16 years ago," the statement read, "government counsel indicated a disposition to dismiss these perjury charges in the event that the defendant voluntarily returned to answer the charges on which he is now interposing a plea."

He pointed out further that Blackmer in 1932 paid \$3,671,064 in taxes, penalties and interest on the alleged income tax evasions.

Blackmer declined to make any statement following the hearing, asserting he would reserve any statement until the 30-day period set by Judge Phillips had been completed and the case disposed of.

LEAVES DENVER TODAY FOR HOSPITAL IN BOSTON

He will leave Denver this afternoon for Boston where he will re-enter a hospital for completion of his physical examination. He will live there quietly until he is called here to face final disposition of his case.

In any event, Blackmer will make his legal residence Denver and, health permitting, will make Denver his home.

ROCKY MOUNTAIN NEWS
Denver, Colo.

INSUFFICIENT TO CONVICT

Then Bulkeley answered at length that evidence in the cases was insufficient to expect a conviction. He added that Martha E. Thompson, a Blackmer employee and notary public who executed the affidavit with the income tax returns, had told one story and then another.

"Her memory 21 years ago was poor," Bulkeley said, "and I see no reason why the 21 years wait should improve it."

It was at this point that Judge Phillips stunned Blackmer and Bulkeley by refusing to quash the perjury cases until he had studied the evidence.

ATTORNEY IGNORES HIS PREPARED STATEMENT

When Bulkeley attempted to read a lengthy statement setting forth the case as Bulkeley saw it, Judge Phillips cut him short and asked that it be included with other evidence.

Blackmer's attorney made no

Blackmer Arrives In Denver Today To Face U. S. Court

Henry M. Blackmer will return to Denver at 8:20 a. m. today aboard the Burlington's Denver Zephyr.

The 80-year-old Denver oilman ended a 25-year exile to return here to answer charges of federal income tax evasion. He fled to France in 1924 to avoid appearing as a witness in congressional investigations and court trials involving the Teapot Dome oil scandals of President Harding's administration.

He is expected to appear in U. S. district Court here at 10 a. m. Monday to answer the charges.

Life to Accompany Him

Blackmer will be accompanied on his return by his wife, the former Elde Norena, Norwegian opera star of a decade ago; his son, Myron Blackmer of Denver, and his attorneys.

Blackmer will live at the home of his son at 4400 E. Quincy ave., Cherry Hills.

Meanwhile, in Washington the Justice Department said it will not make any recommendation on the sentence to be meted out to the oilman if he pleads guilty to the tax evasion indictment.

Correcting a previous announcement, the department said Blackmer is liable for a maximum sentence of four years in jail and a \$10,000 fine on the four-count charge.

Passport Taken Away

The department also revealed it has taken away Blackmer's passport, on which he returned to the United States this week.

The department earlier agreed to drop two perjury indictments and three of four tax evasion indictments returned against Blackmer in 1928 in order to get him to return to the United States.

The tax evasion indictment to which Blackmer has agreed to plead guilty, officials said, consists of four counts covering the years 1920 through 1923, with a maximum penalty of one year in jail and \$10,000 fine for each count. Department officials had



Henry M. Blackmer, as he appeared in Chicago.

—Rocky Mountain News-Acme Telephoto.

said previously the maximum penalty would be one year and \$5000 fine on the entire indictment.

The experts said Blackmer's attorneys have been trying to get the indictments dismissed since 1928.

Sought Dismissal

His lawyers tried in 1948 to get the Justice Department to dismiss the perjury indictments and to recommend no jail sentence if the aged fugitive would plead guilty to the tax evasion indictments.

They also asked that he be issued a general passport so that he could travel anywhere.

The Justice Department turned down the request.

(Turn the Page)

IN NEWS—Saturday, Sept. 24, 1949

Blackmer Is Due Today

(Continued from Page 5)

them down and last spring his lawyers asked if he could be tried in absentia. Again the Justice Department turned them down.

After more negotiations, Max Bulkeley, U. S. attorney here, recommended the department accept Blackmer's offer to return if the perjury charges were dropped.

Bulkeley had reviewed the case and found that the perjury indictments could not be prosecuted, in 1928 or now.

Didn't Sign Before Notary

This was true, it was said, because Blackmer did not sign his income tax returns before a notary but signed them in blank before they were filled out by his secretary.

The Washington tax experts said the Justice Department realized as far back as 1933 that the indictments were no good but would not dismiss them until Blackmer returned on the tax evasion cases.

The department also said that Blackmer asked to stay at a clinic at Boston for three days after he

arrived but, the Justice Department said, he was told that if he interrupted his trip to Denver he would have to surrender to the U. S. marshal at Boston.

ROCKY MOUNTAIN NEWS
Denver, Colo.

Blackmer Has Deal With U. S. To Plead Guilty, Dodge Jail

By PASQUALE MARRANZINO
Rocky Mountain News Writer

Henry M. Blackmer will plead guilty to charges of evading income taxes in a deal with the Justice Department which he hopes will keep him from jail.

A high official of the Justice department and U. S. Attorney Max Bulkeley disclosed that the agreement between Blackmer and the government provides that the 79-year-old Denver multi-millionaire shall plead guilty to evasion of almost two million dollars in income taxes during 1920, 1921, 1922 and 1923.

In addition it is understood that the government has agreed to ask outright dismissal of four additional indictments alleging perjury. The indictments were returned against the oil tycoon here in 1928, four years after Blackmer fled the country to France to escape questioning in the Teapot Dome oil scandal.

INHUMAN TO JAIL MAN OF 80, HE FEELS

The deal, arranged by one of Washington's top-rung Democrats and legal minds, also includes an agreement that the Justice Department and Bulkeley will submit to the court that Blackmer not be sent to jail.

"It would be inhuman," Bulkeley said, "to send an 80-year-old man to jail. He has paid his penalty. He has made good all the income taxes he evaded and paid heavy penalties and fines. I will not ask that he be sent to jail."

The maximum fine provided for income tax violation is \$10,000. Blackmer faces two counts so that it is possible he may regain his rights as a free citizen after 25 years of self-imposed exile in France by paying \$20,000 or less. He is scheduled to appear before U. S. Circuit Judge Orie L. Phillips Monday or Tuesday. He will not be arrested before he voluntarily appears in the court to make his guilty plea.

NEW DEALER MAKES ICE DEAL FOR HIM

Bulkeley disclosed that the agreement was arranged by Joseph B. Keenan, Washington legal wizard and a fair-haired boy of the Roosevelt and Truman administrations.

Keenan, former chief of the criminal department of the Justice department and U. S. Chief of counsel for prosecution of Jap-

anese war criminals in Tokyo, flew to Denver to confer with Bulkeley in April.

Keenan, Bulkeley said, had approached him about the possibility of arranging for Blackmer to return to his home without the indignity of regular arrest and prosecution. Bulkeley said he was responsible to the Justice Department and that any agreement would have to come from Washington.

Then on June 13, Bulkeley said, Keenan called him "from the office of Senator Johnson in Washington" to ask that Bulkeley approve the transfer of the case from Denver to Boston.

AGREE TO DISMISS PERJURY CHARGES

"I wouldn't agree to this for many reasons and told him so," Bulkeley said. "Then things quieted down for a while and a week or so ago I learned that Blackmer would arrive any day."

Reached in Washington by James Daniel, Rocky Mountain News Washington correspondent, Theron Lamar Caudle, assistant U. S. attorney general in charge of income tax cases, said:

"I agreed to dismiss the perjury charges against Blackmer on the condition that he plead guilty to the income tax charge."

LENIENCY DEPENDS ON JUDGE'S VIEWS

"The conversations began a long time ago. I forget who the attorney was who came to see me. I am at home now and I do not have the records before me. But as I remember the letter of instructions I signed and gave to the U. S. attorney in Denver it was that no recommendation of leniency on the tax suits would be made."

"In all of these tax cases, we take the position that if the defendant pleads guilty, we will give the court an impartial statement of the facts, pro and con, in behalf of the government and of the taxpayer so that the court may be informed of the contention of the government as well as the mitigating facts in favor of the taxpayer."

"The question of punishment we leave to the judgment of the court," he said.

Bulkeley said that substantiation of perjury charges against Blackmer would be difficult.

Asked if there were witnesses still alive who might testify against the oil baron, Bulkeley said the woman who notarized all four of the income tax returns was still living.

"Her memory was bad 21 years ago," he said, "and in the 21 years it hasn't improved a bit."

Amazingly enough, the deal which will erase the stigma of fugitive from Blackmer, is being arranged by top Democrats in the Administration.

It was recalled that Blackmer, who rose to a multi-million-dollar fortune in Colorado's mining, law, railroads, and banks—and Wyoming oil—was a power in the Republican administration of President Harding.

JUMPED COUNTRY TO AVOID TESTIFYING

Although not connected directly with the oil scandals of that regime, Blackmer slipped away to France just as a Senate investigation committee sought to learn what he knew about the Teapot Dome scandal.

On several occasions the government sought unsuccessfully to bring Blackmer back to this country for questioning. The French courts barred the way and Blackmer lived in his plush exile, unmolested and unalarmed.

Unable to get Blackmer to answer subpoenas, the government indicted him on the six charges he will face Monday or Tuesday.

Shortly after his indictment, Blackmer began to pull strings which led up to the "deal" which allowed him restitution of his passport and return by airliner from Paris to Boston.

ALREADY HAS PAID CLOSE TO \$4,000,000

In 1932 he had paid the government \$60,000 in fines for contempt of court, \$3,670,784 for evasion of

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(Turn the Page)

Blackmer Deal Is Admitted

(Continued From Page 5)

income taxes, fines and penalties, and another \$100,000 which he forfeited in seeking to outlaw a Congressional act fixing a fine of \$100,000 for any person out of jurisdiction of the government who refuses to answer subpoena.

The velvet-smooth deal continued to operate yesterday without incident. Blackmer and two attorneys boarded a Boston & Albany Railroad train in Boston bound for Denver. They will arrive in Chicago at 11:40 a. m. today and will proceed to Denver.

Immediately after landing at Boston and clearing customs inspection, Blackmer and his wife, Eide Norena, former Norwegian opera diva, went to a hospital to undergo health checks.

Blackmer's departure for Denver was as quiet as his arrival.

Boston newsmen and photographers met him as he prepared to board the train.

GENIAL BUT WON'T TALK 'TIL HE GETS HERE

Looking younger than his years, the financier was genial as he greeted newsmen. He appeared brisk and confident.

Somebody shouted:

"How does it feel to be back?"

Blackmer just smiled.

"Give us a wave," a photographer cried.

Blackmer did.

"I'm flattered," he answered when another photographer asked for a picture, "Thank you very much."

Asked if he was going to Denver, he answered: "Yes, directly."

He wore a tan raincoat and carried an umbrella. Three pieces of hand luggage—all European make—and a woman's hatbox decorated with the French tri-color went into the train with him.

Then waving as the train pulled out, he shouted: "You'll get all you want when I get to Denver."



—Rocky Mountain News-Acme Telephoto.

This exclusive picture of Henry K. Blackmer—the first taken in the United States in 25 years—was made yesterday as he boarded a train in Boston to come to Denver to face charges of evasion of income taxes. The 80-year-old financier looked chipper and waved to pressmen although he refused to discuss his situation with them.

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Friday, Sept. 23, 1949

ROCKY MOUNTAIN NEWS

Denver, Colo.

SEP 22 1949

Exile Blackmer Back in U. S. To Face Court After 25 Years

Henry M. Blackmer, who figured in the notorious Teapot Dome oil scandal, yesterday returned to the United States and went into hiding.

The 80-year-old Denver multi-millionaire, who chose to be a man without a country rather than testify in investigations of the oil scandals of the Harding Administration, slipped into Boston yesterday aboard a trans-Atlantic airliner to end a quarter of a century of self-imposed exile.

He had been living in France. The Justice Department, knowing of Blackmer's plans, said he would come immediately to Denver to enter pleas to six federal indictments alleging evasion of income tax and perjury filed against him here in 1928.

Court Appearance Set

U. S. District Attorney Max Bulkeley said he was informed Blackmer would make a court appearance either Monday or Tuesday morning to enter pleas on the six charges.

The pleas were scheduled to be entered before U. S. Circuit Judge Orie I. Phillips, who is sitting for U. S. District Judge J. Foster Symes, now in retirement.

The oil tycoon's attorney and personal friend of many years, Harold Roberts of the law firm Dines, Dines and Holmes, confirmed the report that Blackmer would come to Denver.

"Blackmer is coming here," Roberts said, "by his own volition and because he wants to clear up forever these charges which have been hanging over his head these many years."

May Arrive Sunday

It was reported Blackmer would fly to Chicago and entrain for Denver, possibly arriving here Sunday morning.

The gray-haired magnate—standing six feet tall and weighing 200 pounds—showed no noticeable emotion on landing in his native land for the first time in 25 years.

He stood by silently as customs officials checked his credentials, his passport, his luggage and personal effects and stamped them "okay."

Two unidentified men met Blackmer shortly after he stepped off the plane and slipped him into seclusion in Boston before news-men realized that he had come home.

Blackmer traveled with his wife of 10 years, Eide Norena, former Norwegian opera diva. They had traveled under the name of Smith, but the airline manifesto presented to customs officials listed them by their real identity.

Revoked His Passport

U. S. officials revoked Blackmer's passport a few years after he fled to France in 1924, after banking a fortune estimated in excess of 25 million dollars overseas.

Yesterday he received a passport, apparently one given to the government in long negotiations between Blackmer and the Justice Department concerning his return.

The return was not unexpected. For more than a decade close friends of Blackmer had extended "feelers" to the Justice Department in an effort to repatriate the Denverite.

The attempts at repatriation were led by Blackmer himself who never gave up hope that he would come back to Denver, where a generation ago he was the city's financial wizard and top-drawn socialite.

Children Live Here

His children, Myron K. Blackmer, and Mrs. Erie Kistler, reside in Denver. Blackmer's wife listed her address on her passport manifesto as 4400 E. Quincy and in Cherry Hills. That is the home of Myron K. Blackmer.

Court attaches here assumed that the elderly ex-fugitive would plead nolo contendere to the charges and place himself at the mercy of the court.

They pointed out that he is an octogenarian and since 1932 has paid in full all government obligations.

These included a fine of \$60,000 which Blackmer paid for contempt of court for refusing to testify in the conspiracy trial of

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Blackmer Ends Long Exile to Face Charges

(Continued From Preceding Page)

Albert B. Fall, former interior secretary, and Harry F. Sinclair, both associated with the famed Wyoming Teapot Dome oil scandal.

The exiled Denverite also paid the Treasury Department \$3,670,784 in income taxes allegedly unpaid. The payments included penalties, back taxes and other fees. All were paid in 1932 when Blackmer began his long battle for repatriation.

Settled Only Civil Suit

The government pointed out that it had settled only the civil suit for back taxes of 1920, 1921, 1922 and 1923. It did not act to quash the indictments for evasion filed here in 1928 and to which Blackmer will enter a plea Monday or Tuesday.

In 1942, the Treasury Department uncovered a 10-million-dollar cache of securities and cash owned by Blackmer in examining foreign bank accounts here. The money was listed under mysterious names traced to Blackmer.

One of the big questions the Justice Department for 25 years has wanted to ask Blackmer is:

What does he know about the alleged transfer of Liberty bonds to Fall during his term as Interior Secretary?

Link Is Indirect

Blackmer's link with the Teapot Dome scandal is an indirect one. A Senate committee investigating the leasing of naval oil reserve fields to Sinclair and Edward Doheny wanted to question the Denver oil man concerning his knowledge of the lease.

Blackmer quietly slipped away to France in 1924 to avoid explaining his part in the Continental Trading Co. scheme.

The Continental Co. was a Canadian corporation which entered upon one contract, fulfilled it and was dissolved.

It was created in 1921 when Blackmer, then head of Midwest Oil Co., with Sinclair, Col. Robert W. Stewart, chairman of the board of Standard Oil Co. of Indiana, and J. E. O'Neil, head of the Prairie Gas & Oil Co., purchased a quarter of a billion barrels of oil from the late A. E. Humphries, oil tycoon.

Blackmer allegedly stipulated the oil would be bought for \$1.50 a barrel and delivered to the Continental Co. H. C. Osler of Toronto signed for the purchase as company president.

Osler at once sold the oil to companies owned by Sinclair, Blackmer, O'Neil and Stewart at \$1.75 a barrel.

The deal, without knowledge of stockholders of the big companies the men represented, stood to profit the quartet by more than eight million dollars. However, evidence later showed it paid off only \$3,080,000 and Osler bought Liberty bonds with the money.

Blackmer's Is Story Of Rise to Riches

By PASQUALE MARRANZINO
Rocky Mountain News Writer

Henry M. Blackmer wants to be at home when he dies.

The Denver magnate—until yesterday a man without a country—early next week will stand before the bar from which he fled 25 years ago so he can spend his last years in the country where he rose from ambitious lawyer to kingmaker.

The story of Henry Blackmer parallels familiar stories in which men attained wealth and power during the period of amazing development when the West was young.

In Blackmer's case, he chose to forsake the country of his birth and his meteoric success for a self-imposed exile in France. The reasons for Blackmer's flight to foreign soil may go with him to his grave.

Blackmer was born in Worcester, Mass., July 25, 1869. He followed his father in the study of law and in 1891 moved to Colorado Springs where he began his illustrious career.

In a few years he had switched from vigorous prosecutor to interests in mining, railroads and banking. By 1900 he had amassed a considerable fortune and was one of the state's most prominent citizens.

In 1904 he organized the Cripple Creek Railroad and in 1911 he succeeded the late David Moffat as president of the Moffat Railroad. He was chairman of the railroad's board until 1916 and president of the International Trust Co. of Denver from 1911 to 1913.

During the First World War Blackmer was chairman of the Rocky Mountain Division of the National Petroleum War Service Commission.

He was vice president of the Midwest Oil Co. when that small concern started to open up the Salt Creek oil field, not far from Teapot Dome.

Through shrewd operation, Blackmer brought Midwest into affiliation with the Standard Oil Co. of Indiana. The company expanded rapidly and he was its president until he slipped away to France in 1924.

He was a guiding light of the notorious Continental Trading Co., one-contract company which bought 33,333,333 barrels of oil for 1.50 a barrel and immediately sold the oil to Standard for a profit in excess of eight million dollars.

It was this deal which ensnared Blackmer in the scandal of Teapot Dome.



Henry Blackmer

Kingmaker of Nation's Political Leaders

His association with big officials of the Standard Oil Co. made Blackmer a virtual dictator in Republican politics of the Harding era. In this position he became kingmaker of the nation's political leaders.

When Blackmer left the country in 1924, all of the books of the one-contract Continental Trading Co. disappeared. The big four who had split the multi-million-dollar take on the Continental oil scheme were paid off in Liberty bonds.

More than \$230,000 of these bonds were traced to Albert B. Fall, Interior secretary, who had leased Teapot Dome naval petroleum reserve lands to Harry F. Sinclair, another oil baron.

When the government, in 1925, attempted to introduce evidence of the Continental company in the Teapot Dome conspiracy trials, it had to rely on the principals involved. Blackmer already was in France, where he had transferred a fortune estimated at more than 25 million dollars.

Refused to Give Deposition in France

In February, 1925, the government started action in Paris to get a deposition from Blackmer in the French courts. He refused and French courts backed him up. In 1927 the action was renewed without success and Blackmer's passport was revoked.

As a result Congress passed a law providing a penalty up to \$100,000 on American citizens who refused to obey subpoenas issued to them while they were outside of U. S. jurisdiction.

Blackmer's answer to this law was to deposit that amount in a Washington bank, suffer its seizure and then sue for its recovery on grounds the law was unconstitutional. He lost the case.

Two contempt of court charges also were filed in his refusal to

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Blackmer's Is Story Of Rise to Riches

(Continued From Preceding Page)

answer subpoenas. He was fined \$30,000 in each of these—amounts which he paid up in 1932.

The government then turned attention to his income tax returns and drew claims for back taxes and penalties totaling \$8,498,935. He was indicted in Denver on six counts of perjury and income tax evasion. President Coolidge ordered his arrest.

Thus armed, federal lawyers went to Paris in 1928 where they waged and lost a four-month battle for his extradition.

The Blackmer exile was easy. In France he purchased a lavish chateau and lived a life of Continental splendor. Nevertheless, he feverishly worked for the day when he could return to his homeland. That day came yesterday.

In 1932 he purged himself of the two contempt charges and paid the government \$3,670,784 in settlement for his income taxes. This settled the civil suits. The criminal complaints are to be answered next week.

His hunger for Denver was satiated somewhat by frequent visits by his son, Myron, and his daughter, Mrs. Erle Kistler, both of Denver.

They brought him movies of the city, showing its expansion, and his grandchildren—and some of the Blackmer properties amassed by his fortune.

When World War II struck Europe, Blackmer moved to his estate in Geneva, Switzerland, where he spent the war years. He returned to Paris in 1947.

In 1939 he married Eide Norena, Norwegian grand opera prima donna. She came to this country with him yesterday. His first wife died several years ago.

Aging Henry M. Blackmer Seeks to Return to U.S.

A report from Washington to The Rocky Mountain News indicated yesterday that Henry M. Blackmer, 80, wealthy Denver oil man, who has been under federal indictment for income tax evasion charges for 25 years, is seeking to return to the United States.

The Colorado millionaire, now living in Geneva, Switzerland, according to the report, is seeking to have the Justice Department reconsider the charges so that he might have a chance to clear them before returning to the United States.

Paid \$60,000 Fine

The civil charges against Mr. Blackmer were cleared up 20 years ago when he paid \$60,000 fine for contempt of court and \$3,670,784 for back income taxes.

Mr. Blackmer fled the country in 1924 for France to avoid explaining his part in one aspect of the then explosive Teapot Dome scandal that rocked the Harding Administration.

Repeated efforts have been made by attorneys for Mr. Blackmer to have the criminal indictments against him quashed but the Justice Department has refused to do so.

At the same time constant efforts in the late 20s to obtain his extradition to the United States were made.

Lived in French Villa

Up to the beginning of World War II Mr. Blackmer lived in a villa outside of Paris. But since the war he has lived in Geneva where he has indicated to frequent

visitors from the United States he is happy and has expected to live his remaining days.

An interview with Mr. Blackmer two or three years ago quoted him as saying:

"I expect to live in Geneva the rest of my life. But I would like to know that I could return to the United States if I wanted to. And I do want the opportunity of straightening out all my affairs."

On several occasions in the last few years Mr. Blackmer has been visited by his son, Myron K. Blackmer, and his daughter, Mrs. Erle O. Kistler, who reported he was in excellent health despite advanced years.

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MAY 8 1949

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF COLORADO

THE UNITED STATES OF AMERICA,)
Plaintiff,)
vs.)
HENRY M. BLACKMER,)
Defendant.)

Criminal Nos. 5932, 5933,
5934, 5935,
5936, 5937.

BEFORE: The Honorable Orie L. Phillips, Chief Judge,
Tenth United States Circuit Court of
Appeals, assigned as United States
District Judge for the District of Colorado.

Denver, Colorado,

September 26, 1949,

10 O'clock, a. m.

APPEARANCES:

For the Plaintiff: Mr. Max M. Bulkeley, United States
District Attorney
For the Defendant: Mr. Harold D. Roberts, Attorney
at Law

THE COURT: Criminal cases 5932 to 5937, inclusive, the United States against Henry M. Blackmer. Before taking up those matters, the Court desires to make a preliminary statement in order that there may be no misconceptions about what has transpired so far as I am concerned in these matters. I desire to make this preliminary statement. These matters, so I was advised, were heretofore set down for hearing on the 23d day of August, 1949, before Judge Symes. After they had been set down and about the middle of the week of August 7th, I think it was perhaps August 10th, 1949, Judge Symes became ill. He went to California the latter part of that week or the early part of the succeeding week. About August 15th Mr. Bulkeley, the United States attorney, came to me and advised me that these matters had been set down for August 23d and requested me to assign a judge to hear them in place of Judge Symes.

That is the first time I knew anything whatever about any arrangements for Mr. Blackmer to return to the United States and appear in answer to these indictments. I told Mr. Bulkeley that these matters had been pending a long time in Judge Symes' court, that for obvious reasons I hesitated to ask an outside judge to accept the responsibility of disposing of them, and suggested that they be continued until Judge Symes returned.

I did not then anticipate that Judge Symes would not

soon recover sufficiently to again resume his judicial duties.

The matters were continued indefinitely to await Judge Symes' return to the bench but unfortunately Judge Symes' illness continued and he was not able to resume his judicial work.

On or about September 10th Mr. Roberts, counsel for Mr. Blackmer, came to me and stated that it appeared that it might be some time before Judge Symes could hear these matters and requested me again to assign some other judge to hear them. I stated to Mr. Roberts that I hesitated to ask another judge to come in and assume the responsibility of disposing of these matters, and stated that if Judge Symes could not hear them before this week I would hear them. I had already been assigned to take care of routine and emergency matters in the District of Colorado.

In the meantime, on Thursday of last week, Judge Symes filed his retirement with the President, effective when his successor is appointed. I have made inquiry this morning of Judge Symes' physician and he tells me that it would be quite impossible for Judge Symes to hear these matters this week or at any time within the near future.

For those reasons, I will proceed to hear these matters. You may proceed, Mr. Bulkeley.

MR. BULKELEY: May it please the Court, in Case No. 5932, against Henry M. Blackmer, we desire to bring that case

up now for arraignment and plea.

THE COURT: Now, before you proceed with that, I haven't been able or desirous of reading all that has been in the newspapers; I haven't had time, and I don't know what truth there is to the matters that have appeared in the public press.

Are these pleas in these matters in anywise contingent upon any action with respect to the other indictments?

MR. BULKELEY: The only arrangement, Your Honor, that we had in these cases is that Mr. Blackmer will enter a plea in one case, this 5932, and after he enters a plea in that case we will then dismiss the perjury cases.

THE COURT: What are the numbers of the perjury cases?

MR. BULKELEY: The perjury cases are Nos. 5933, 5934, 5936 and 5937.

I wish to state to Your Honor that cases numbered 5932 and 5935--while there are six of these cases, three of them are really duplicates. Case No. 5935 is a duplicate of Case No. 5932. In other words, two different indictments were drawn and they were both filed, but they cover identically the same alleged charges.

In the four perjury cases there are really only two years in which it is alleged that perjury was committed. So there are really only three cases here and the other three are really duplicates.

THE COURT: What is the basis or the reason that the Government proposes to dismiss the so-called perjury cases?

MR. BULKELEY: Your Honor, these perjury cases, it is alleged that the jurats to the income tax returns for the calendar year 1920 and the calendar year 1921 were dated, as to the first, on March 15, 1921, and the second on March 13, 1922. It has, therefore, been twenty-seven and twenty-eight years ago since those alleged jurats were sworn to.

As Your Honor well knows, the key witness in a perjury case is the officer before whom it is alleged that the oath was taken. In this case the oath was purported to have been taken before Martha E. Thompson, a notary public. She was an employee of the defendant, Henry M. Blackmer, or an oil company in which he was largely instrumental in directing its affairs.

In 1928, while the grand jury was in session, a Martha E. Thompson was intercepted on her way to work one morning by Mr. Goddard, the secret service head in Denver at that time, and taken to the office of the United States Attorney where she was questioned by the United States Attorney. She was shown photostatic copies of the jurat, the income tax returns of the defendant, and at that time she stated that so far as she remembered, the jurats were sworn to by Mr. Blackmer on those dates.

That was six and seven years after the dates on the jurats. About six days later, I believe, after she had been

in the United States Attorney's office and while the grand jury really was still in session, she prepared a sworn statement in which she said that she was somewhat confused and was surprised and excited when she was kidnapped, as she called it, that morning and brought to the United States Attorney's office, and that upon further reflection she stated that she was unable to remember whether or not Mr. Blackmer took the oath before her when he signed the jurats to the income tax returns, and that she did not recall whether he took an oath or whether he did not.

That affidavit was filed with the United States Attorney. I might read just one sentence contained in that statement of hers, which is as follows:-- This is a quotation from the notary public, Martha E. Thompson.

"I have no recollection that H. M. Blackmer signed these papers in my presence, nor have I a record that he did so. I also do not remember whether or not Mr. Blackmer took oath."

It occurs to me that since her memory was somewhat defective six or seven years after the alleged oaths were taken, that her memory in all probability hasn't gotten any better in a further period of twenty-one years.

There is in the files of these cases a letter from George Stefan, now deceased, and I believe a former United States Attorney and who was United States Attorney at the

time these indictments were returned. This letter was written to ex-Governor Ralph L. Carr, who succeeded him as United States Attorney. The letter was dated in 1933 and Mr. Stefan expressed his opinion in that letter that the evidence was entirely insufficient to sustain the charges of perjury.

I have reviewed the evidence which I find in the files and in my opinion the evidence is wholly insufficient to sustain an indictment for perjury if the cases were brought to a trial. Therefore, upon the--

THE COURT: Was any investigation made as to Mr. Blackmer's presence at or about the time these jurats were purported to have been made?

MR. BULKELEY: Mr. Stefan in this letter which I have in the files further stated that he had learned now that Mr. Blackmer was not in the State of Colorado when either one of them was signed in either year. That was the evidence that he had found on an investigation made later on, in 1933. That, he said, was the fact.

The attorney for Mr. Blackmer, Mr. Roberts, who is here in court, came to me and made the suggestion that Mr. Blackmer would be willing to plead guilty to the tax evasion case if we were willing to dismiss the perjury cases. In view of the fact that it would be impossible to ever secure convictions or ever try the perjury cases, I saw no reason

why I shouldn't accept that proposition. That is the only and the whole proposition that has been made in these cases, Your Honor.

Upon Mr. Blackmer's entering a plea of guilty to the tax evasion cases we would then dismiss the perjury cases. That is the whole situation that we have, Your Honor.

THE COURT: I called this matter up before the pleas were entered for this reason: Nothing that I may say, Mr. Bulkeley, in anywise is intended to reflect upon you or your judgment or those in the Department with whom I assume you have consulted and been directed with reference to these matters. But before I will pass on any motion to dismiss the perjury counts I want you to turn over to me your complete file with respect to this matter, your statement that you have read to me, and all facts in your control and at your command that will enable the Court to determine whether in his opinion these matters should be dismissed.

In other words, I have to satisfy my own judgment and my own conscience as to whether I should entertain your motion and dismiss these charges. Of course, if, after I have had presented to me and had a chance to thoroughly and carefully study all of your files and records, all investigations that have been made by the F.B.I. or any other person in behalf of your office--if I should reach a conclusion that it is utterly impossible to sustain the perjury charges and

that a trial would be entirely futile, of course I would be disposed to entertain your motion and at your request dismiss the perjury counts; but I am not willing to do that until I have had all of your facts, every bit of information that is pertinent that you can furnish me, and have gone over it carefully myself and reached my own considered judgment. I feel that is a responsibility in this matter that I should discharge. If it is the desire of you and Mr. Roberts to continue the matter until I have reached a conclusion, I am willing to do that. If you desire to plead at this time, I am willing to accept the pleas on the other indictments at this time.

MR. BULKELEY: If the Court please, I have no objection whatsoever to turning the files over to Your Honor and letting you examine them; that's perfectly agreeable. I might say further, of course, that I have been in contact with the Attorney General's office in Washington and he has approved this arrangement, and I have his letter here.

THE COURT: Well, you can turn that over with the other papers.

MR. BULKELEY: Yes. I have his letter here under date of September 21st in which he authorizes the--

THE COURT: I have no doubt about that.

MR. BULKELEY: --dismissal of these cases upon the plea in the tax evasion case.

MR. ROBERTS: I wish to enter my appearance on behalf

of Henry M. Blackmer with respect to this matter, and on his behalf we are prepared to plead to the 5932, and I concur in the statement of the District Attorney that 5935 is in all senses a duplicate of the same four counts and that there is really only the one proceeding involved.

THE COURT: So far as evasion is concerned?

MR. ROBERTS: So far as income tax evasion is concerned. They are statutory offenses charged there with respect to four years in four counts in one indictment.

THE COURT: Is Mr. Blackmer present?

MR. ROBERTS: Is Mr. Blackmer present? Mr. Blackmer, will you please come to the bar and be arraigned?

MR. BULKELEY: We would like to proceed with the arraignment, if that meets with Your Honor's approval.

THE COURT: You may proceed with 5932.

MR. BULKELEY: Your Honor please, the indictment is about thirty-five pages long and Mr. Roberts, I believe, is willing to waive the reading of this indictment?

MR. ROBERTS: Copies of this indictment have been furnished to the defendant and to his counsel. I have gone through the indictment, the defendant has read the indictment, and on his behalf we waive a reading of the indictment.

THE COURT: What plea do you enter, sir?

MR. ROBERTS: We tender the plea of nolo contendere to all four counts of 5932.

THE COURT: Are you willing to accept that plea?

MR. BULKELEY: Your Honor, on instructions from the Attorney General in Washington we cannot approve that plea.

THE COURT: You cannot?

MR. BULKELEY: We cannot approve that plea.

MR. ROBERTS: I would ask on that basis, Your Honor,-- I believe it is discretionary with the Court--to say this, that this defendant has many friends in France and Switzerland where the Roman law prevails, in which a rather sharper distinction is drawn between nolo contendere and guilty than is the case in this country, and I am sure it would be very acceptable to the feelings of his friends there if the Court could see his way clear to accept the plea of nolo contendere.

THE COURT: Well, for the purposes of a criminal proceeding, a plea of nolo contendere is the exact equivalent of a plea of guilty.

MR. ROBERTS: Yes, Your Honor, and that has been explained to the defendant.

THE COURT: The only limitation of a plea of nolo contendere is that it has a limitation with respect to legal effect in any collateral proceeding. But if the Government is not willing to accept that plea, the Court will not compel the Government to accept it.

MR. ROBERTS: Then, Your Honor, on behalf of the defendant we tender a plea of guilty to the tax evasion charges.

THE COURT: Very well. Do you want to make your motion with respect to the others, then?

MR. BULKELEY: I really would prefer to have them disposed of at the same time, Your Honor. That would be at the time of sentence; then we would arrange to dismiss, but I think it would be proper to dispose of the other cases at that time.

THE COURT: I can't entertain a motion unless you make it. If you don't want to make it now, when do you want to make it?

MR. BULKELEY: I would prefer to wait then until Your Honor is ready to pass sentence.

THE COURT: I don't know why you shouldn't make your motion now and let me take the files and examine them and reach my conclusions. But if you want to defer it, it's all right.

MR. BULKELEY: You wouldn't make the order then dismissing it today? You would wait on that?

THE COURT: I would wait on the order until I have had time to fully consider the matter as I suggested. I am going to make a fair and independent investigation of every bit of information I can get that bears on this and reach my own judgment and conclusion as to what should be done with these motions. I have indicated what I would do if I reach the same conclusion you have, but I must satisfy my own conscience.

MR. BULKELEY: Very well, Your Honor. I then make a

motion that Cases numbered 5935, 5933, 5934, 5936, and 5937 be dismissed, and I tender the filing of a letter from the Attorney General authorizing such dismissal upon the entry of the plea which has now been entered by Mr. Blackmer in the other cases.

THE COURT: You can file this, Mr. Clerk.

Now, the Court cannot dispose of the sentence at this time. The Court will follow the usual practice in this and many other districts and direct that a complete pre-sentence investigation be made by the probation officer.

Mr. Blackmer, of course, will be released on bond pending further disposition of these matters. I think the bond should be \$5000. He will not be required to remain in Colorado but he will have to be where he can promptly respond when the matter is set down for disposition. I don't anticipate it will be less than thirty days before I can dispose of it.

MR. ROBERTS: Will it be essential, Your Honor, that the defendant then present himself in person?

THE COURT: I think so.

MR. ROBERTS: I make the suggestion that this be expedited and that every consideration of place of residence be accorded the defendant on account of the fact that one of his reasons in coming to this country at this time, which he did voluntarily, was for a thorough examination at a clinic

in Boston, which has been had in a preliminary way, and the findings of that clinic strongly urge him to return there as rapidly as possible for continued medical treatment. The length of time and the character of that medical treatment of course cannot be stated in advance.

I have also a recommendation of his physician in Europe, Dr. L. Michaud, that the defendant should not remain in the altitude of Denver on account of the condition of his heart for any extended period of time. In fact, his Paris doctor recommends that it should not be over a 24-hour stay.

THE COURT: Well, Mr. Blackmer, I assume, can promptly give a bond. He may then go onto Boston if it is his desire, to the clinic and keep his whereabouts known to you and I will try and give you ample notice when I have completed my examination into these matters and the pre-sentence report has been made.

I suggest that you furnish to the probation officer such information as you may have with respect to his physical condition or change that you may get in the future. That may be one of the matters that the Court will want to consider.

MR. ROBERTS: I shall do that. The time of his return then is left open and can be fixed, in view of his condition and his ability to return at that time?

THE COURT: That is right. The bond is fixed at \$5000.

MR. ROBERTS: You fix bond at \$5000?

THE COURT: One bond.

MR. ROBERTS: One bond, and a cash bond may be arranged with the Clerk?

THE COURT: Yes. That's all.

MR. BULKELEY: If the Court please, I have a further statement here which was prepared in the Attorney General's office in Washington, that covers somewhat the same matters as my statement.

THE COURT: You submit that with all the other data you have.

MR. BULKELEY: I beg your pardon?

THE COURT: Submit that with your file.

MR. BULKELEY: I have the original of it now.

THE COURT: Just bring the whole file in and I'll go over it.

MR. ROBERTS: After you have the probation officer's report, then any statement we wish to make with respect to the defendant may be made?

THE COURT: Yes, and you may make that to the probation officer if you desire in the meantime.

MR. ROBERTS: I shall do so and disclose all the facts to him, and I shall be very willing to disclose all the facts in relation to Mr. Blackmer's whereabouts at the time of the alleged perjury offenses, to the District Attorney in order

that his file may be complete.

THE COURT: Very well.

UNITED STATES OF AMERICA)
District of Colorado) ss.

I, R. Forrest Brenner, the Official Court Reporter
for the District Court of the United States, for the District
of Colorado, hereby certify the above and foregoing to be a
true and correct transcript of the proceedings had in the
above-entitled matter in said court at the time and place
as set forth.

R. Forrest Brenner
Certified Shorthand Reporter

STATEMENT BY MAX M. BULKLEY, UNITED STATES ATTORNEY,
AT TIME OF ENTRY OF PLEA BY HENRY M. BLACKMER

(Prepared by Atty Gen. in Washington)

- - - - -

I would like to make the following statement to the Court with respect to this case.

The defendant, Henry M. Blackmer, was born at Worcester, Massachusetts on July 4, 1869. He later became a highly successful attorney and industrialist. At the time of the offenses which gave rise to these indictments, Blackmer was president of the Mid-West Refining Company, and he also had been instrumental in organizing the Continental Trading Company. Profits of this latter company were invested in United States bonds, some of which were ultimately traced to Albert B. Fall, former Secretary of the Interior. When it seemed likely that Blackmer would be called to testify in connection with the investigation by the United States into the circumstances surrounding the leasing of the Tea Pot Dome oil reserve, Blackmer fled the country and all efforts to secure his testimony were fruitless.

The defendant was indicted on June 15, 1928 in this District on charges of perjury and attempted evasion of his income taxes. (Here insert whatever detail you may

deem necessary as to the contents of the various indictments.)

The defendant is to enter a plea to the indictment in case number 5932 which charges that he wilfully attempted to evade and defeat his income taxes for the years 1920, 1921, 1922 and 1923. After the Court has imposed sentence on the defendant in this case, the Government contemplates asking leave of Court to dismiss the remaining indictments. The Government is dismissing the other indictment charging tax evasion because this other indictment covers the same offenses to which the defendant has pleaded in case number 5932.

With respect to the perjury indictments, the Government is unable to establish these offenses both from an evidentiary standpoint and also from the standpoint of satisfying the technical requirements for proof of the crime of perjury. The perjury indictments were returned largely for the purpose of satisfying the requirements of the treaty with France proclaimed by the President. Of course, as the Court probably knows, the offense of income tax evasion was not extraditable under this treaty. All efforts to accomplish the extradition of the defendant were in vain and the defendant has continuously resided out of the jurisdiction from 1924 to September 21, 1949.

The history of this case abundantly shows that the shortcomings of the perjury indictments were clearly recognized by the Government counsel responsible for their return and by other Government counsel who succeeded them in the supervision of this case. As long as sixteen years ago Government counsel indicated a disposition to dismiss these perjury charges in the event that the defendant voluntarily returned to the United States to answer the charges on which he is now interposing a plea.

The defendant has satisfied in full all tax deficiencies owing to the United States by the payment of \$3,671,064.95 in taxes, penalties and interest. Of this total amount, \$1,500,000 was in satisfaction of the tax and penalties for 1916, 1917 and 1919; and \$2,171,064 was in satisfaction of taxes, interest and fraud penalties for 1920, 1921, 1922 and 1923. The fraud penalties alone for these latter years were approximately \$600,000. On May 6, 1932, the then Attorney General, William D. Mitchell, agreed to the settlement which the Bureau of Internal Revenue had made with the defendant on account of his unpaid tax liability.

I am not authorized to make any recommendation as to the sentence to be imposed in this case.

Cr. Form No. 28

FOR THE

DISTRICT OF COLORADO

DIVISION

United States of America

Henry L. Blackmer

No. 5932

FILED
United States District Court
Denver, Colorado

NOV 2 1979

J. Walter Benson

951

On this second day of November, A.D. , 1949 came the attorney for the government and the defendant appeared in person and¹ by Harold D. Roberts his attorney, and.

IT IS ADJUDGED that the defendant has been convicted upon his plea of guilty to counts one, two, three and four of the offenses of violating Sec. 253, Revenue Acts of 1918 and 1921 and attempting to defeat and evade Income Taxes for years 1920 --- 1923 ---

----- as charged* in the Indictment herein - - -
and the court having asked the defendant whether he has anything to say why judgment should not be pronounced, and no sufficient cause to the contrary being shown or appearing to the Court,

It Is ADJUDGED that the defendant is guilty as charged and convicted.

It is ADJUDGED that the defendant is hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of xxxxxxxxxxxxxxxxxxxxxxxxxx pay to the United States of America a fine of Five Thousand Dollars (\$5,000.00) upon each of counts one, two, three and four of the Indictment herein, a total fine of Twenty Thousand Dollars ("20,000.00"), and that the United States have execution therefor.

~~It is ADJUDGED that~~XXXXXXXXXXXXXXXXXXXX

xxxix is a statement that the Clerk delivered a certified copy of this judgment and commitment to the United States Marshal or other qualified officer and that the copy serves as the commitment of the defendant.

The Court recommends commitment to: *

United States District Judge

Clark

¹ Insert "by counsel" or "without counsel; the court advised the defendant of his right to counsel and asked him whether he desired to have counsel appointed by the court, and the defendant thereupon stated that he waived the right to the assistance of counsel." ² Insert (1) "guilty," (2) "not guilty, and a verdict of guilty," (3) "not guilty, and a finding of guilty," or (4) "nolo contendere," as the case may be. ³ Insert "in count(s) number _____" if required. ⁴ Enter (1) sentence or sentences, specifying counts if any; (2) whether sentences are to run concurrently or consecutively, and, if consecutively, when each term is to begin with reference to termination of preceding term or to any other sentence, or unserved sentence; (3) whether defendant is to be further imprisoned until payment of the fine or fines and costs, or until he is otherwise discharged as provided by law. ⁵ Enter any order with respect to suspension and probation. ⁶ For use of Court wishing to recommend a particular institution.

RETURN

I have executed the within Judgment and Commitment as follows:

Defendant delivered on _____ to _____

Defendant noted appeal on _____

Defendant released on _____

Defendant elected, on _____ not to commence service of the sentence.

Defendant's appeal determined on _____

Defendant delivered on _____ to _____

at _____, the institution designated by the
Attorney General with a certified copy of the within Judgment and Commitment.

United States Marshal

5932

CRIMINAL

UNITED STATES DISTRICT COURT
DISTRICT OF COLORADO

FILED
United States District Court
Denver, Colorado

NOV 2 1949

Sharon Brown
CLERK

UNITED STATES OF
AMERICA,

PLAINTIFF,

v.

No. 5932

HENRY M. BLACKMER,

DEFENDANT.)

We have left for disposition the misdemeanor charges
in No. 5932 to which the defendant has pleaded guilty.
Has the defendant or his counsel anything to say why the
judgment and sentence of the court should not be pro-
nounced?

I have before me the pre-sentence report of the
Probation Office for this District. Attached to the
report is a letter to the Probation Officer from the
Lahey Clinic of Boston, Massachusetts, setting forth the
findings of the Clinic respecting the defendant's physical
condition based on recent examinations and treatment of
the defendant at the Clinic.

The letter states that the defendant is suffering from gall bladder disease of ten year's duration, complicated with gall stones; that because of defendant's age, an immediate operation is inadvisable, but a condition may develop at any time making an emergency operation necessary, and that the defendant must adhere rigidly to a planned and restricted diet; that the defendant is also suffering from a coronary insufficiency manifest by angina pectoris; and that he has out-pouchings in the colon called diverticula and has a history of recurring attacks of diverticulitis, and must follow a very bland, low residue diet.

Dr. Lahey, a physician and surgeon of national reputation, attached a statement to the letter in which he states: "It is my opinion that this man who has recently had an acute attack of gallstones, who has had not too long ago an attack of diverticulitis in his left colon, who has a bad heart with angina pectoris and pain on exertion and who is eighty years old, needs

to be in a position where he can be on a special dietary regime from the point of view of his gallbladder and his diverticulitis and where he can have good management of his heart condition."

I have submitted the report from the Lahey Clinic to two disinterested Denver physicians and surgeons of large experience and excellent reputation and in whom I have implicit confidence. They both stated that in view of the defendant's age and serious physical condition, imprisonment would be fraught with serious consequences and that, in their opinion, any substantial period of confinement would cause his death.

In view of the foregoing considerations and also the circumstances under which the incorrect income tax returns were made, as reflected by the investigation, ~~of the~~ reports and other evidence, I do not believe the ends of justice would be served by sentencing the defendant to jail and it is my considered judgment that no such penalty should be imposed.

The defendant has long since paid the additional
taxes asserted by the Commissioner of Internal Revenue *with interest*
and
~~the~~ heavy civil penalties.

The judgment and sentence of the court is that the
defendant pay the United States fines aggregating
twenty thousand dollars.

UNITED STATES DISTRICT COURT
DISTRICT OF COLORADO

FILED
United States District Court
Denver, Colorado

NOV 2 1949

W. H. B. B. B.
CLERK

UNITED STATES OF AMERICA,
PLAINTIFF,

v.

HENRY M. BLACKMER,
DEFENDANT.

No. 5933

UNITED STATES OF AMERICA,
PLAINTIFF,

v.

HENRY M. BLACKMER,
DEFENDANT.

No. 5934

UNITED STATES OF AMERICA,
PLAINTIFF,

v.

HENRY M. BLACKMER,
DEFENDANT.

No. 5936

UNITED STATES OF AMERICA,
PLAINTIFF,

v.

HENRY M. BLACKMER,
DEFENDANT.

No. 5937

The United States has heretofore interposed
motions to dismiss the indictments in the above four
cases. Each of the four indictments charges perjury.

Two of the indictments charge that the defendant committed perjury at Denver, Colorado, on March 15, 1921, by subscribing and making oath to certain matters in his income tax return for the year 1920, which he knew to be false and untrue. Two of the indictments charge that the defendant committed perjury at Denver, Colorado, on March 13, 1922, by subscribing and making oath to certain matters in his income tax return for the year 1921, which he knew to be false and untrue.

Under well settled principles of law, it is essential to the commission of perjury that the defendant shall have been sworn or affirmed. In other words, to constitute a valid oath, for the falsity of which perjury will lie, there must be in the presence of a person authorized to administer it, an unequivocal act by which affiant takes on himself the obligations of an oath.

I have carefully examined the files, reports and documentary evidence furnished me by the United States Attorney and also a voluminous file of reports and

documentary evidence furnished to me at my request
by the Intelligence Unit of the Internal Revenue Service,
Treasury Department.

The jurats of the notary public attached to the
income tax returns indicate that the defendant sub-
scribed and swore to them before the notary public at
Denver, Colorado, on March 15, 1921, and March 13, 1922,
respectively.

However, photostatic copies of hotel records, letters,
and other documentary evidence submitted to me demonstrate
beyond possible doubt that the defendant was absent from
the State of Colorado on March 15, 1921, and March 13, 1922,
and during substantial periods immediately before and after
each of such dates, and that during such periods of absence,
he was in Chicago, New York, Washington, and other eastern
cities.

Other evidence in the files indicates that the de-
fendant signed the income tax returns after they had
been completed, and delivered them to a clerical employee,

and that such returns were thereafter taken by such employee to the notary public who completed the jurats during the defendant's absence.

Moreover, an affidavit made by the notary indicates that she would not testify that the defendant appeared before her personally and subscribed and swore to the two tax returns.

There is little doubt under the evidence submitted, that the notary, being acquainted with the defendant's signature, completed the jurats and affixed her seal without the defendant personally appearing before her and actually taking an oath. While such practice is not proper, it is not uncommon where the notary is employed by the person affixing his signature and the notary knows the genuineness of the signature so affixed.

Accordingly, it is my conclusion that the government could not establish the perjury charges by evidence, that a trial on the perjury charges would be a vain and useless effort, and that the motions to dismiss are well advised. For the reasons indicated, the motions of

the United States are granted and each of the indictments
in the above cases are dismissed.

UNSUBS, ALLEDGED IRREGULARITIES
IN CONNECTION WITH THE INCOME
TAX CASE OF U. S. VS HENRY M.
BLACKMER (UNITED STATES DISTRICT
COURT, DENVER, COLORADO)
MISCONDUCT IN OFFICE, BRIBERY

Bufile 62-98634

Dn File 58-35

CORRESPONDENCE

from the file of the
UNITED STATES ATTORNEY,
Denver, Colorado

ENCLOSURE

8

2

Exhibit #2.

5932

February 10, 1950

Mr. Harold B. Roberts,
Attorney at Law,
1210 First National Bank Building,
Denver, Colorado

Dear Mr. Roberts:

U. S. v. Henry M. Blackmer

I am returning herewith document entitled
"Evidence proving conclusively that Henry M. Blackmer
was in New York City on March 15, 1921 and March 13, 1922,
the dates on which he is charged with swearing to a false
income tax return in Denver, Colorado", which you left
in my office at the time of the disposition of the cases
against Mr. Blackmer.

Very truly yours,

Max L. Bulkeley,
United States Attorney

mmb/s
Encl.

AIRMAIL
SPECIAL DELIVERY

September 7, 1949

Hon. Peyton Ford,
The Assistant to the Attorney General,
Department of Justice,
Washington 25, D.C.

Dear Mr. Ford:

U.S. v. Henry J. Blackmer - Income tax
evasion and perjury in connection with
income tax returns.

The Blackmer matter is in the present situation. Judge Symes returned to Denver last Friday and since then we have had various reports as to his condition. He was down to the office Saturday, but has not been down today. There seems to be a serious question as to whether he will be able to do very much in the future.

Judge Orin L. Phillips of the Court of Appeals for the Tenth Circuit talked with me Friday in regard to the cases and he thought we had just as well make arrangements to take care of them and have Blackmer come in and plead. He said that if Judge Symes was not able to take care of it, that either he would assign some District Judge to take care of it, or take care of the matter himself.

I got in touch with Mr. Harold Roberts, attorney for Blackmer, and he suggested that we set a tentative date of September 16 or September 20, and in accordance with that arrangement he was to have Blackmer come to this country. The case may not come up on either the 16th or the 20th, but I would suggest that you send me authorization to dismiss the perjury charges so that I will have them prior to the 16th.

In this connection, I wish also to call your attention to the fact that the other two cases, both of which are for making of fraudulent income tax returns, cover the same identical years. Apparently there were two indictments drawn, one by a Washington attorney and the other by a Denver attorney and both of them returned by the grand jury, apparently with the idea that if the cases were resisted or any technicality found in one, that the other would be sufficient.

Hon. Peyton Ford - page 2

9-6-49

dismiss one or the other of these two cases. I would suggest that you include case No. 5935 with the others in the authority to dismiss.

When Judge Phillips was in the office Friday, he stated that if he were to take the plea in the case, he would like a recommendation from either this office or the Attorney General. If this office were making the recommendation we would suggest a \$5,000. fine on Count 1, and \$500. on each of the other three counts. Of course, as you know, this defendant is now eighty years old, so in my opinion no jail sentence should be sought. Please let me know whether this suggestion as to fines would meet with your approval, or whether you would suggest something different.

Of course, if Judge Symes takes the plea, he never asks for recommendations from our office.

Very truly yours,

Harold H. Phillips,
United States Attorney

MFB/s

Airmail

August 4, 1949.

Hon. Peyton Ford,
Assistant Attorney General,
Department of Justice,
Washington 25, D.C.

Dear Mr. Ford:

United States v. Henry W. Blackmer
Attempting to defeat and evade income
taxes and perjury in connection with
income tax returns. - Docket No. 9-15-14

This is in regard to the cases against
the above-named defendant, which were returned by a
grand jury many years ago, the defendant going to
Europe where he has remained ever since.

During recent months there have been some
attempts to get some correspondence from Blackmer
and return it to the country, and you will perhaps
recall that some letters were filed in regard
to this matter on June 13. There was a disposition
at that time to have the cases transferred from Colo-
rado to Massachusetts. This, however, did not meet
with my approval.

Today Mr. Harold L. Roberts came to my of-
fice representing the defendant Blackmer and made the
proposition that Blackmer would be willing to plead
guilty or nolo contendere to the two cases in which he
is charged with tax evasion, Docket Nos. 9372 and 9373,
providing that the Government would not file charges
in the four cases charging perjury, Docket Nos. 9374,
9375, 9376, and 9377. I have seen the files in these
old files two or three times when there has been some
matter come up in regard to these cases and from my ex-
amination of the files, I am thoroughly satisfied that
we would be unable to maintain the perjury cases and
that it would be a waste of time to try the cases
were tried. Consequently, I see no objection to the
proposition of dismissing the perjury cases with a stip-
ulation in the other two cases.

For. Peyton Ford - page 2

August 4, 1941

That, therefore, reconciliation with the
the circumstances of the incident and the fact that
in the two cases for the reason, that the evidence
cannot be considered as a basis for action. It is
to take this action.

It is also to be noted in our conversation that
that a definite date be fixed for the hearing of the
case and the hearing was Tuesday, August 11. It took
the matter up with Judge Jones and that date is agree-
able to him.

It is also to be noted in our letter of authority to dis-
miss the hearing cases as soon as possible so that
I can secure a hearing that this hearing will
be satisfactory with the Attorney General's Office,
and I would also be sure that the hearing authority be-
fore the judge.

In regard to the case of the defendant, Mr.
Roberts stated that he did not expect to remain in
Los Angeles and this is the reason why the
date of the hearing is not yet fixed.

Very truly yours,

W. H. H. H. H.
W. H. H. H. H.

W. H. H.

Enclosed are the following documents for the
disposal of the case. The documents are as follows:
1. A copy of the hearing transcript.
2. A copy of the hearing transcript.
3. A copy of the hearing transcript.
4. A copy of the hearing transcript.

Sen. J. P. McPherson,
Senate Office Building,
Washington, D. C.

My dear Sir:

This morning I received your note written in long hand under date of June 24. I did not in any way mention my letter to you of June 23. Attached to this letter was a copy of a letter written on the same day to Peyton Lord, Assistant Attorney General. I am wondering if you did not receive my letter of June 23.

The information which Mr. Henry Katz, one of my assistants, obtained was definitely to the effect that if the cases were to be disposed of in Colorado that I, as a lawyer, would not impose a jail sentence. With this assurance, I can see no reason why Fletcher would hesitate about coming to Colorado. He would be subject to a fine "exp. or impr." case in Colorado.

If you did not get my letter of the 23th, I can send you a copy, and also a copy of the letter that I wrote that day to Peyton Lord, or you could perhaps see the letter to Mr. Lord by getting in contact with him.

Personally, I never knew Henry Fletcher, but I have heard some stories in the last two years, some of which were not very favorable to him. Of course, I have no personal interest in this case, aside from the fact that I don't want my office to be open to criticism, which could not be easily refuted.

With best wishes, I am

Sincerely yours,

W.P.S.

5932 etc.

June 20, 1949

Hon. Ed C. Johnson,
Senate Office Building,
Washington, D.C.

My dear Ed:

Attached hereto is a copy of a letter which I have just written to Leyton Ford, Assistant Attorney General. Mr. Ford talked with me by long distance last Monday in the forenoon, prior to your call which was in the afternoon.

The more I study these cases, the more satisfied I am that they should not be removed to Massachusetts. I feel sure that severe criticism would follow and there is no reason that I can see why I should stick my neck out for their benefit.

In view of the apparent attitude of Judge Symes, it seems to me that Blackmer could take a chance on returning to Denver. I have understood right along since Mr. Keenan was out here two months ago that the only thing he fears is a jail sentence and that he wanted assurance that a jail sentence would not be imposed. In view of his age, I hardly think any District Judge would go to the extreme of imposing a jail sentence.

I have not heard anything from any source about the case since last Monday. I presume though that something will develop in a short time. I will try to keep you advised as to what is happening.

With kindest personal regards, I am

Sincerely yours,

MOB/s
Encl.

AIRMAIL

5932, etc.

June 20, 1949

Hon. Peyton Ford,
Assistant Attorney General,
Department of Justice,
Washington 25, D.C.

Dear Mr. Ford:

United States v. Henry M. Blackmer,
Attempting to defeat and evade income
taxes and perjury in connection with
income tax returns - Dept. Ref: 5-13-14-

In accordance with your suggestion in our telephone conversation which was had a week ago today about the above cases, I called on Judge Synes and had a talk with him late last Friday afternoon. He returned from Wyoming Friday.

The Judge did not come out and commit himself, but he was friendly and I was of the opinion from the conversation that I had with him that he would not impose a jail sentence in the event that the cases remained in Denver.

This morning one of my assistants, Mr. Henry A. Lutz, told me that he had obtained the information which he was to pass on to me that Judge Synes would not impose a jail sentence in these cases in the event a plea was entered in his court.

In regard to the transfer of the cases from Colorado to the District of Massachusetts, I am still of the opinion that this would not be advisable. I know that the two Denver dailies are watching these cases and if a transfer was made, they would immediately want to know the reason and I think our office would get very severe criticism for transferring the cases. Consequently, I do not feel that it should be done.

5932, etc.

Hon. Payton Ford - page 2

6-20-49

There are six cases pending against Blackmer. Two of them are for making false returns on income taxes and the other four for perjury. When Mr. Joseph Keenan was here on April 19, he advised me that they were working on a proposition whereby Blackmer would plead guilty in the two cases involving the fraudulent returns, and as to the perjury charges, they desired those to be dismissed.

I have examined the files since that time and I have reached a very definite conclusion that it would be impossible for us to secure the evidence to get a conviction in the perjury cases, so I would see no objection to the dismissal of the four cases charging perjury.

There has been no direct contact with this office by any Denver firm of attorneys representing Blackmer. Mr. Keenan told me that he expected to secure the services of a Denver firm, but he did not know at that time who it would be. I have heard nothing further from Mr. Keenan.

This is the situation as it stands to date.

Very truly yours,

Max L. Bulkeley,
United States Attorney

MMB/s

Denver

January 21, 1933

Hon. G. A. Youngquist,
Assistant Attorney General,
Washington, D. C.

Sir:

I am inclosing herewith a copy of a letter received today from George Stephan, whom I succeeded as United States Attorney in this District. The indictments against Blackmer were returned during his term in office and for that reason the suggestions are entitled to consideration.

I am not sure that you are acquainted with Governor Stephan, and in the event you are not, then permit me to say that he is a fine man and a lawyer of the highest principles.

Very respectfully,

PAUL H. CHASE,
United States Attorney

C/s

GEORGE STEPHAN
FIRST NATIONAL BANK BUILDING
DENVER, COLORADO

January 21, 1933.

Honorable Ralph L. Carr,
United States District Attorney,
Post Office Building,
Denver, Colorado.

Dear Ralph,

Mr. E. D. Millikin, attorney for Henry M. Blackmer, has advised me that he is leaving for Washington today to make an effort to secure the dismissal of the perjury indictments against his client.

While I was still in office, I recommended that all of the indictments against Blackmer be dismissed if a satisfactory settlement were made of the tax claims against him. I understand that such settlement has been made.

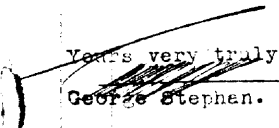
Independent of the financial features of the case and of the indictments for willful attempt to defeat and evade taxes, it is my opinion that the government is not justified in longer maintaining the perjury indictments.

We proceeded with the perjury indictments because the signatures of Blackmer were undisputed and because the jurats carried every appearance of regularity. (But, nevertheless, as I have advised you, our own investigations thereafter developed that Blackmer was not in Colorado on either of the dates when we allege he made false oaths.) Moreover, nothing helpful can be expected from the Notary. She now says that she has no memory of actually swearing Blackmer and says she kept no record of such notarial acts.

The value of the jurats having since been destroyed by the results of our own investigations, we have no other evidence out of which to make a case. It is a matter of course to ask the dismissal of indictments under such circumstances.

I am aware that with respect to the Blackmer indictments you are acting under the instructions of the Department. I shall appreciate it if you will pass my views on to General Youngquist so that they will get to him in time for consideration when Mr. Millikin calls on him.

I am,

Yours very truly,

George Stephan.

December 29, 1932

The Attorney General,
Washington,
D. C.

Sir:

Attention: Hon. G. A. Youngquist,
Assistant Attorney General.

Eugene M. Millikin of the Denver Bar, who is now acting as attorney for Henry M. Blackmer, called upon me to determine what course this office expected to follow in connection with the Blackmer cases.

It is his contention that the perjury cases should be dismissed and that pleas of nolo contendere should be received upon the other indictments. These pleas, he contends, might be received in the absence of the defendant.

I explained to Mr. Millikin that I would take no action whatever in respect to these matters except on explicit instructions from you.

On my last visit to Washington, I was given to understand that the Department took the position that no plea of nolo contendere should be received by a Court in the absence of the defendant.

Mr. Millikin is planning to go to Washington and will probably see you personally about these matters. In the meantime unless the defendant presents himself for a plea, I will take no action in the matter.

Very respectfully,

WILLIAM C. CARR,
United States Attorney

C/s

COPY OF
WESTERN UNION TELEGRAM

DENVER, COLO MO, FEBRUARY 25, 1929.

HONORABLE HARTL. HANSEN TELEGRAPHIST.

ASSISTANT ATTORNEY GENERAL,

WASHINGTON, D. C.

LITIGATOR DATED FEBRUARY NINTH CALLED WASHINGTON FEBRUARY TWENTYNINTH
AS DIALAT RUGOLD COARINA I GOT NO OBJECTION TO DISMISSING INDICTMENT
AGAINST HYKREPTONY PROVIDED SUFFICIENTLY AMPLIATIONS SETTLEMENT
CAN BE OBTAINED IN TAX CASE.

~~THOMAS STEPHAN~~ ~~PROTEY STEPHAN~~

Charge
U. S. Attorney,
Lowest Govt. Night Rate.

5/5

ADDRESS REPLY TO
"THE ATTORNEY GENERAL"
AND REFER TO
INITIALS AND NUMBER

DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

February 6th, 1920.

Mr. George Stephan,

United States Attorney,

Denver, Colorado.

Dear Mr. Stephan:

Will you please wire me what your
recommendations are as to trying or dismissing
the Blacker case? I was under the impression
that there was a recommendation here from you
but it can't be found.

I am sorry I missed you when you
were at the Department. The idea prevails here
that you are recommending the dismissal but
the fact is that you are recommending the
will be glad to hear from you by telegram.

Sincerely,

Wm. D. Stewart
(W. D. Stewart)
Assistant Attorney General



OFFICE OF
THE GENERAL COUNSEL
ADDRESS REPLY TO THE GENERAL COUNSEL,
BUREAU OF INTERNAL REVENUE
AND REFER TO

TREASURY DEPARTMENT

BUREAU OF INTERNAL REVENUE

WASHINGTON

December 7, 1928.

Hon. George Stephan,
United States Attorney,
Denver, Colorado.

Dear Mr. Stephan:

In re: Henry M. Blackmer.

It is not yet possible to definitely set a date for the hearing in the Blackmer case which Mr. George E. Holmes of New York City has requested, in view of the fact that a criminal case of great importance is coming up for trial in Pittsburgh, Pennsylvania on Tuesday, December 11, and the United States Attorney there has requested me to be present to assist in the trial. Consequently, I am leaving Washington on Sunday, December 9, and am uncertain as to when I shall be able to return. As you well know, it is impossible to determine in advance how long a criminal trial may last but it is at least possible that the trial may consume all of the week beginning December 10.

Mr. Holmes called Commissioner Blair by long distance telephone from New York this morning and asked that the conference be held on December 14 and 15, indicating that it will take him about two days to discuss the questions which he wishes to raise. I have just talked by telephone with Commissioner Blair about the matter and he is going to write to Mr. Holmes and tell him of my engagement in Pittsburgh and the impossibility at this time of fixing any date for the hearing next week. However, we have learned that the taxpayers involved in the criminal case in Pittsburgh may make an effort to get a continuance on the ground that one of their principal witnesses is ill in the South and that they, therefore, cannot go on with the case at this time. If that is an actual fact, and the court grants the continuance which we anticipate will be requested, I may, of course, return to Washington promptly, in which event I would be here probably by the 12th and will be prepared to hold the hearing on December 14 and 15, as requested by Mr. Holmes. He informed Mr. Blair that the week beginning December 17 would not be satisfactory to him and if the hearing is not held the latter part of next week I do not

Hon. George Stephan.

know just when it will be held. I know you desire to be in Washington at least a day in advance of the hearing so that we might go over the case together before Mr. Holmes comes in and I agree with your suggestion that such a preliminary conference is desirable.

If it should develop, after I reach Pittsburgh, that the case will not actually be tried on December 11, it might still be possible to arrange for the Blackmer hearing beginning December 14, if you could be here on December 13. With that in mind, I am wondering whether you might care to wire me in care of the United States Attorney at Pittsburgh upon receipt of this letter as to whether you could come to Washington for the Blackmer conference, arriving here December 13 in time for a preliminary conference before the hearing on December 14. If the Pittsburgh criminal case should be continued, I could probably get in touch with Mr. Holmes by long distance telephone and perhaps fix the conference definitely for December 14.

This plan is, of course, wholly tentative and I am merely suggesting it as one way out of the difficulty with respect to the date of the hearing which has been created by the necessity of my going to Pittsburgh. It may not work out but it seems to me to be the best that can be done now if the conference is to be held before Christmas or perhaps before the first of next year.

There have been Associated Press dispatches from Paris published in the local papers within the past few days to the effect that the so-called Extradition Court in Paris had finally rejected our request for Blackmer's extradition. I assume that these same dispatches have been published in the Denver papers and that you have seen them. We have not as yet had any official confirmation of this news, so I know no more about the actual facts than you do. Mr. Key of Mrs. Willebrandt's office telephoned me this morning to ascertain whether I had received any official word concerning the rejection of the request for extradition and I told him I had not. I assume that as soon as there is any official advice from the French Government in the matter Mr. Olds will advise either the State Department or the Attorney General and such information will undoubtedly be conveyed to the Treasury Department. I am, however, very much afraid that the Press dispatches from Paris are true in view of the unequivocal assertions which they contain and in view of the further fact that we know the attorney

-5-

Hon. George Stephan.

representing the French Government before the Extradition Court
argued against the granting of the request.

With kindest personal regards and hoping to see you in
Washington, I am

Sincerely yours,

Arthur H. Gilbert
General Assistant.

HRO:ess

5932

RECEIVED DEPT. OF JUSTICE
NOV 13 1928

DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

5-13-24 HRC

December 5, 1928.

George Stephan, Esq.,
United States Attorney,
Denver, Colorado.

In re: United States v. Henry
M. Blackmer.

Sir:-

There is enclosed a copy of a letter under date of November 26, 1928, from the Secretary of the Treasury, relative to suggestions of Senator Walsh of Montana as to the possibility of securing additional indictments against Henry M. Blackmer if the French government should deny extradition on the present indictments.

You are requested to give your views on the suggestions of Senator Walsh.

Respectfully,

For the Attorney General,

Mabel Walker Willebrandt

(MABEL WALKER WILLEBRANDT)
Assistant Attorney General.

Enclosure.

December 2, 1933.

Memorandum for Mr. Ladd.
Chief, Special Intelligence Unit.

There is quoted below the material portion of a memorandum addressed to me on November 20, 1933, by Assistant Secretary Bond with reference to the case of Henry M. Blackmer, formerly of Denver, Colorado:

Senator Walsh suggests that if we are unsuccessful on the present indictment there are two other lines which ought to be carefully investigated for the possibility of further indictments which might be successful:-

"(1) If Mr. Blackmer left Denver with the understanding that his secretary would fill in his tax return and would then fill in the affidavit, or if he signed the return in blank and she simultaneously took his affidavit to the blank document, then, in either case did she violate the laws of Colorado with reference to notaries public, and was he an accessory to this, both could be indicted and he could be extradited;

"(2) Without reference to the contents of the tax return, if a man signs a return in blank and either then makes oath to it or knows that his employee will later fill in a false affidavit and knows that the return was then to be filed, being offered to the Federal Government as a complete and proper return in accordance with the terms of the statute, is it not a conspiracy to defraud the Government irrespective of financial loss to the Government? Senator Walsh believes that there is a Federal statute on fraud against the Government which might make this either a violation of that statute or a conspiracy to defraud, and by analogy refers to the following cases:

"(a) James E. Curley, later Mayor of Boston, who was convicted of defrauding the Government by impersonating another person in a Civil Service examination so that the other person would secure an appointment;

On the same way in the Carley case its policy of securing employees through the Civil Service method was violated. Senator Wirth suggests that this same doctrine ought to apply to the Government's policy of securing tax returns ahead after they are completely prepared and then an affidavit filed in accordance with the requirements of the statute, and that if one or more persons cause a return to be filed which on its face purports to comply with the statute but in fact, as they know, the statutory requirements have not been complied with, there be such an attempt to defeat the policy of the United States as to warrant him or them guilty of fraud.

In view of the I delegate action ordered by Mr. Reed in this matter, you will recognize that Mr. Bellard is being treated as a dis-
sonant. The situation existing with you as a result of what you
and Mr. David Nelson, Special Agent in Charge of your Bureau,
City Division, came to make you for a conference. Mr. Reed
came to this office this morning and he neither has been given
thoroughly discussed.

In accordance with Assistant Secretary Board's instructions, it is requested that the Bureau not conduct any further and/or immediate investigation to determine the extent, if any, to which there may be any continuing, further dissemination of information by A. Lindstrom and whether any criminal action by the Federal and/or State Government or otherwise can be taken against said Martin A. Thompson, whose name and date of birth is shown in the report on Lindstrom's release for 1950 and 1951.

Memorandum for Mr. Egan.

It will be appreciated if this investigation can be expedited so much that Mr. Egan can be prepared to discuss the whole situation with the Office of the Attorney General as indicated by the last paragraph of Mr. Egan's memorandum above quoted.

(Signed) C. C. Connelley.
General Counsel.



OFFICE OF
THE GENERAL COUNSEL

ADDRESS ONLY TO THE GENERAL COUNSEL,
BUREAU OF INTERNAL REVENUE,
AND REFER TO

TREASURY DEPARTMENT

BUREAU OF INTERNAL REVENUE

WASHINGTON

December 1, 1928.

Hon. George Stephan,
United States Attorney,
Denver, Colorado.

Dear Mr. Stephan:

In re: U. S. vs. Henry M. Blackmer.

I have delayed a reply to your letter of November 20, 1928, in the hope that we might have definite information as to the outcome of the trial before the Extradition Court in Paris. On the evening of November 27 a cablegram was received from Mr. Savoy, the Special Attorney of this office who accompanied me to Paris, stating that the trial which was held that day was over and that the French Government Attorney and Blackmer's attorney had both argued against extradition. He also stated that Blackmer had been given his temporary freedom until the final decision of the Court, which was expected shortly.

A little earlier that day an Associated Press Correspondent in Washington called me by telephone and stated that he had just received a cable from Paris announcing that Blackmer's trial had been concluded and that our request for extradition had been denied on the ground that the offense for which extradition was requested was primarily political. That statement, however, appears to have been premature as it is evident that the Court has not yet announced its decision. We were, of course, much disappointed to learn that the Attorney representing the French Government before the Extradition Court had argued against extradition rather than for it. As you know, no American attorney can appear in a French Court and likewise no French attorney retained by us could appear in our behalf before the Extradition Court, the only persons entitled to be heard being Blackmer and his attorney and a French Government attorney. In a personal letter received from Mr. Savoy yesterday, he stated that the Extradition Court might announce its decision from the bench or it might be handed down a short time thereafter. That letter was written on November 19 before the trial was held. We are anxiously awaiting word now as to the final decision and our position unfortunately does not appear any too favorable in view of

Hon. George Stephen.

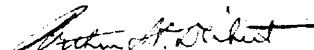
the attitude taken by the French Government Attorney before the Court.

I have just prepared a reply to your telegram of November 30 inquiring about the conference in the Blackmer case. The date has been left uncertain because of the absence from Washington of the principal representative of the Income Tax ~~Unit interested in this case, Mr. Reed, who is absent on an~~ official trip to Honolulu. He is expected to return to Washington about the 5th or 6th of December but I do not like to fix a definite date until he is actually here. Furthermore, there is a possibility that I may have to go to Pittsburgh on December 10 to assist in the trial of a criminal case which might last three or four days. It therefore appears that the conference in the Blackmer case may not be held until some time during the week beginning December 17. In any event, however, I shall be glad to inform you immediately of the definite date when it is fixed and if there is not sufficient time to write you will be glad to telegraph the date. We shall be glad to have you attend the conference if you can and, as a matter of fact, there are some other phases of the case which I should like very much to discuss with you.

Undoubtedly the newspapers will announce the decision of the French Extradition Court as soon as it is officially released in Paris and I am inclined to believe that it will not now be long delayed.

~~With kindest personal regards, I am~~

Very sincerely yours,


General Assistant.

(COPY)
THE SECRETARY OF THE TREASURY
WASHINGTON

November 26, 1928.

The Honorable,

The Attorney General.

Sir:

With reference to the matter of the extradition of Henry M. Blackmer, Senator Walsh of Montana has today suggested to Assistant Secretary Bond the possibility of securing one or more indictments of Mr. Blackmer on other grounds on which extradition might be secured if the present indictments fail. The grounds suggested are as follows, -

(1) It is suggested that if, as now appears, the Notary Public, Martha E. Thompson, subscribed falsely to the jurat on the return, Mr. Blackmer not being present and not making oath to the return, or if he was present and made oath to the return before it was prepared, the figures being later filled in by his employees, then she may have violated the law of the State of Colorado with reference to the duties of a Notary Public and that this offense may be indictable and that Mr. Blackmer might then be indicted as an accessory and extradited on such indictment;

(2) It is further suggested that wholly without reference to the contents of the return, and even if the figures therein had been true and correct, nevertheless if Mr. Blackmer filed or caused to be filed a tax return which on its face purported to comply with the statute, namely, by containing his affidavit

(2)

to its contents after completion, whereas such affidavit had either been made before the return was prepared or was not in fact made at all, and the jurat was falsely filled in by the Notary Public, then this would constitute a fraud or attempt to defraud the United States under the Federal statutes and would be indictable and possibly extraditable. In this connection Senator Walsh points to the analogy of the case of the indictment against the Honorable James M. Curley, later Mayor of Boston, who many years ago impersonated a friend in a Civil Service examination enabling the friend to get a passing mark and secure an appointment and it was held that although the United States had not suffered any pecuniary loss, nevertheless its policy of securing Federal employees through the Civil Service method had been violated and that this constituted a fraud on the United States. He also refers to cases where under the laws permitting a citizen to locate on not more than 160 acres of western lands for timber and stone rights, persons who through dummy locators tried to secure rights on a larger acreage were held to have defrauded the United States even though the regular price per acre was paid therefor as the policy of the United States with reference to the disposal of these public lands had been violated.

I refer the above matters for your consideration and have also asked the General Counsel of the Bureau of Internal Revenue to consider them and confer with your Department with reference thereto.

Respectfully,

(Signed) A. W. MELLON,

Secretary of the Treasury.

RECEIVED REPLY TO
THIS OFFICE'S MEMORANDUM
AND REFER TO
NOTALS AND NUMBER

MTV-*ST*

5-13-14- *HRC*

DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

HRS-SAM.

November 21, 1928.

George Stephan, Esq.
United States Attorney,
Denver, Colorado.

In re: United States v. Henry M. Blackmer.

Sir:

Reference is made to your letter of November 6, 1928 relative to the above entitled case.

You state that you believe it advisable to hold a conference of Federal representatives interested in this case prior to the conference with the taxpayer's attorney, Mr. George E. Holmes, which has been arranged for December 10, 1928; that you also consider it advisable that the Government should be ready to go to trial as promptly as possible after Blackmer's return to the United States, in the event that extradition is granted, and to that end point out that the Oeler account has not been fully investigated, or if it has that you have had no report giving the information which you should have relative to the transaction.

You are advised that the General Counsel, Bureau of Internal Revenue, feels that any further investigation of the Oeler account is unnecessary for the reasons stated in the following excerpts from a letter from that office under date of November 19, 1928:

"Pferheimer bought and sold stocks for Blackmer and Oeler, depositing monies received in the Bank of Manhattan, New York City. As profits accumulated in this bank account they were transferred from time to time to the account of Oeler in the New York branch of the Dominion Bank of Canada. On Oeler's order the Dominion Bank invested the profits in Liberty Bonds, which were distributed by Oeler to Blackmer, Pforzheimer and himself. Oeler receipted for a part of the bonds in the name of G. H. Pforzheimer & Company by H. S. Oeler, such receipts being written on the face of the

bank's books. Other bonds, presumably on Oeler's order, were delivered by the bank to Walter Pforzheimer, from whom separate receipts were taken. It is our surmise that the bonds delivered to Walter Pforzheimer represented Blackmer's share of the profits.

"As evidence of these transactions we have (1) photostat copies of the records of the Bank of Manhattan (2) photostat copies of the records of the Dominion Bank, (3) photostat copies of the receipts, (4) George E. Holmes' letter of March 6, 1928, addressed to the Commissioner of Internal Revenue with typed amended returns attached, disclosing Blackmer's receipt of this unreported income, and (5) a tabulation entitled "O A/c Trading Profits" furnished by Mr. Holmes, showing the detail of this account.

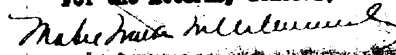
"The agents were directed not to pursue their investigation to the extent of questioning Walter Pforzheimer and C. H. Pforzheimer when they were in New York in July and August. Inasmuch as C. H. Pforzheimer is a material Government witness in the Blackmer case, and his own tax case involving his failure to report the profits received by him from this account is pending before this office, it was believed inadvisable for the agents to question Walter Pforzheimer or C. H. Pforzheimer's employees at the time the agents were in New York City, C. H. Pforzheimer being then in Europe. Agents who investigated C. H. Pforzheimer's tax case some time previously were informed by him that his records covering this Oeler account had been lost or destroyed. It appears, therefore, that the only additional evidence obtainable from this source will be the oral statements of Walter Pforzheimer and C. H. Pforzheimer. Their explanation of the disposition of bonds received by them can be obtained in a very short time, and ample time will be afforded for obtaining their statements after the French Government has acted upon the request for extradition."

The General Counsel, Bureau of Internal Revenue, will notify you relative to the proposed conference with Mr. Holmes in time for you to be present a day or two before such conference. You may then confer with representatives of the Department and the General Counsel's office. That office suggests, however, and this office agrees, that it will not be necessary for the agents of the Treasury Department now in Denver to be present at that time. The conference with Mr. Holmes is to be confined to a discussion of the taxability of the transactions, making up the items of

additional income on which the assessments for all of the years involved (1916 to 1923, inclusive) were based.

Respectfully,

For the Attorney General,



(MABEL WALKER WILLEBRANDT)
Assistant Attorney General.

Palace Hotel,

1, Rue Dufour,

PARIS - France

The Honorable George Stephan,
United States Attorney,
Denver - Colorado, U.S.A.

3 September, 1933.

My dear Mr. Stephan:

Your letter of June 27, 1933 was forwarded to me some weeks ago and I have been waiting in the hope that I might be able to inform you of some definite result in the Blackmer case.

Mr. Savoy, an attorney in the office of the General Counsel, accompanied me to Paris where we arrived on July 17. I had an immediate interview with the American Ambassador to France and the extradition papers were promptly forwarded to the French Foreign Office. There was a considerable delay before we had an opportunity for a conference with the head of the legal section of the Foreign Office and on that occasion we were informed that in his opinion extradition could not be granted for three reasons:

- 1) Because the two crimes of perjury having been committed in connection with a financial matter they constituted a political offense and were therefore barred from extradition by the treaty.
- 2) That because perjury could not be prosecuted by a Court in France no crime had been committed under the French law.
- 3) That as no crime had been committed under the French Statute of limitation for perjury, which is ten years, such delay will thus not be considered as a crime.

The official action of the French Government in this

attitude but had no objection to our having a conference with the officials in the Ministry of Justice to which the case was then referred. In view of the serious obstacles raised by reason of the unfavorable attitude of the Foreign Office official, it was deemed essential to obtain the advice and assistance of an eminent French lawyer. Because of the seriousness of the situation, Assistant Attorney General Marshall came to Paris and while here, retained as counsel, Maurice J. Olds, who is now in charge of the Paris Office of Sullivan & Cronwell, prominent New York attorneys, and until July 1st last, was Under Secretary of State; together with Mr. A. Fourcade, a French attorney of eminence and ability.

The Ministry of Justice has given us permission to file a brief in support of our position, and two briefs are in fact in course of preparation; one by ourselves, including Mr. Olds, and the other by Mr. Fourcade. They will be completed and filed at the earliest possible date. It is not certain whether we will be permitted to take the case before the Extraordinary Court, created by a French law of March 10, 1907, but the Ministry of Justice will share the view of the Foreign Office and deny our right to make such a request under that treaty and we fully hope that such right will be recognized.

There have been many unfavorable reports since our arrival which accounts for the fact that we are still in Paris without the case being brought before the court.

- 3 -

Some weeks ago a series of articles, strongly pro-Blackmer, and anti-United States, appeared in one of the local French papers on its front page every night for a week. The opinion here is that these articles were paid propaganda and constituted an effort to form public opinion in favor of Blackmer. The paper, however, is a comparatively unimportant one of radical tendencies, with a small circulation. I have seen several clippings from American papers, particularly with Denver headlines, indicating that Blackmer's attorneys in the United States are endeavouring to start a back fire against us, particularly stressing the mythical "kidnapping" of Miss Thompson.

We are making every effort over here to keep our activities from the knowledge of both the public and Blackmer and his Paris attorneys, and I am therefore writing you fully in the knowledge that you will keep confidential the information above outlined.

As you know, I am intensely anxious that this effort of ours to bring Blackmer for trial shall succeed, and all of us connected on the case, are bending every effort to realize that hope.

With kindest personal regards,

I am very sincerely yours,

Arthur H. H. H.
Chief Asst. to General Counsel

S T R I C T L Y C O N F I D E N T I A L

UNSUBS, ALLEDGED IRREGULARITIES
IN CONNECTION WITH THE INCOME
TAX CASE OF U. S. VS HENRY M.
BLACKMER (UNITED STATES DISTRICT
COURT, DENVER, COLORADO)
MISCONDUCT IN OFFICE, BRIBERY

Bufile 62-98634

Dn File 58-35

COPY OF LETTER DATED 3/24/52 PURPORTEDLY FROM
USCCA JUDGE ORIE L. PHILLIPS TO CHARLES J.
MOYNIHAN, MONTROSE, COLORADO,

62-98634-8

Exhibit #5

7 - Blackmer file

Denver 1, Colorado
March 24, 1952

Dear Charlie:

On my return from a special meeting of the Judicial Conference at Washington late Saturday evening I found your letter of March 15.

I am not at all concerned with respect to any fair and impartial investigation that may be made with respect to myself and the Blackmer cases.

These cases came before me in the United States District Court for the District of Colorado on September 26, 1949. A transcript of the official proceedings on that date reads as follows:

"THE COURT: Criminal cases 5932 to 5937, inclusive, the United States against Henry B. Blackmer. Before taking up those matters, the Court desires to make a preliminary statement in order that there may be no misconceptions about what has transpired so far as I am concerned in these matters. I desire to make this preliminary statement. These matters, as I was advised, were heretofore set down for hearing on the 23d day of August, 1949, before Judge Sykes. After they had been set down and about the middle of the week of August 7th, I think it was perhaps August 10th, 1949, Judge Sykes became ill. He went to California the latter part of that week or the early part of the succeeding week. About August 15th Mr. Bulkeley, the United States Attorney, came to me and advised me that those matters had been set down for August 23d and requested me to assign a judge to hear them in place of Judge Sykes.

"That is the first time I knew anything whatever about any arrangements for Mr. Blackmer to return to the United States and appear in answer to these indictments. I told Mr. Bulkeley that these matters had been pending a long time in Judge Symes' court, that for obvious reasons I hesitated to ask an outside judge to accept the responsibility of disposing of them, and suggested that they be continued until Judge Symes returned.

"I did not then anticipate that Judge Symes would not soon recover sufficiently to again resume his judicial duties.

"The matters were continued indefinitely to await Judge Symes' return to the bench but unfortunately Judge Symes' illness continued and he was not able to resume his judicial work.

"On or about September 10th Mr. Roberts, counsel for Mr. Blackmer, came to me and stated that it appeared that it might be some time before Judge Symes could hear these matters and requested me again to assign some other judge to hear them. I stated to Mr. Roberts that I hesitated to ask another judge to come in and assume the responsibility of disposing of these matters, and stated that if Judge Symes could not hear them before this week I would hear them. I had already been assigned to take care of routine and emergency matters in the District of Colorado.

"In the meantime, on Thursday of last week, Judge Symes filed his retirement with the President, effective when his successor is appointed. I have made inquiry this morning of Judge Symes' physician and he tells me that it would be quite impossible for Judge Symes to hear these matters this week or at any time within the near future.

"For those reasons, I will proceed to hear these matters. You may proceed, Mr. Bulkeley.

"MR. BULKELEY: May it please the Court, in Case No. 5932, against Henry H. Blackmer, we desire to bring that case up now for arraignment and plea.

"THE COURT: Now, before you proceed with that, I haven't been able or desirous of reading all that has been in the newspapers; I haven't had time, and I don't know what truth there is to the matters that have appeared in the public press.

"Are these pleas in these matters in anywise contingent upon any action with respect to the other indictments?

"MR. BULKELEY: The only arrangement, Your Honor, that we had in these cases is that Mr. Blackmer will enter a plea in one case, this 5932, and after he enters a plea in that case we will then dismiss the perjury cases.

"THE COURT: What are the numbers of the perjury cases?

"MR. BULKELEY: The perjury cases are Nos. 5933, 5934, 5936 and 5937.

"I wish to state to Your Honor that cases numbered 5932 and 5935--while there are six of these cases, three of them are really duplicates. Case No. 5935 is a duplicate of Case No. 5932. In other words, two different indictments were drawn and they were both filed, but they cover identically the same alleged charges.

"In the four perjury cases there are really only two years in which it is alleged that perjury was committed. So there are really only three cases here and the other three are really duplicates.

"THE COURT: What is the basis or the reason that the Government proposes to dismiss the so-called perjury cases?

"MR. BULKELEY: Your Honor, these perjury cases, it is alleged that the jurats to the income tax returns for the calendar year 1920 and the calendar year 1921 were dated, as to the first, on March 15, 1921, and the second on March 13, 1922. It has, therefore, been twenty-seven and twenty-eight years ago since those alleged jurats were sworn to.

"As Your Honor well knows, the key witness in a perjury case is the officer before whom it is alleged that the oath was taken. In this case the oath was purported to have been taken before Martha E. Thompson, a notary public. She was an employee of the defendant, Henry M. Blackmer, or an oil company in which he was largely instrumental in directing its affairs.

"In 1928, while the grand jury was in session, a Martha E. Thompson was intercepted on her way to work one morning by Mr. Goddard, the secret service head in Denver at that time, and taken to the office of the United States Attorney where she was questioned by the United States Attorney. She was shown photostatic copies of the jurat, the income tax returns of the defendant, and at that time she stated that so far as she remembered, the jurats were sworn to by Mr. Blackmer on those dates.

"That was six and seven years after the dates on the jurats. About six days later, I believe, after she had been in the United States Attorney's office and while the grand jury really was still in session, she prepared a sworn statement in which she said that she was somewhat confused and was surprised and excited when she was kidnapped, as she called it, that morning and brought to the United States Attorney's office, and that upon further reflection she stated that she was unable to remember whether or not Mr. Blackmer took the oath before her when he signed

the jurats to the income tax returns, and that she did not recall whether he took an oath or whether he did not.

"That affidavit was filed with the United States Attorney. I might read just one sentence contained in that statement of hers, which is as follows:-- This is a quotation from the notary public, Martha E. Thompson.

"I have no recollection that H. M. Blackmer signed these papers in my presence, nor have I a record that he did so. I also do not remember whether or not Mr. Blackmer took oath."

"It occurs to me that since her memory was somewhat defective six or seven years after the alleged oaths were taken, that her memory in all probability hasn't gotten any better in a further period of twenty-one years.

"There is in the files of these cases a letter from George Stefan, now deceased, and I believe a former United States Attorney and who was United States Attorney at the time these indictments were returned. This letter was written to ex-Governor Ralph L. Carr, who succeeded him as United States Attorney. The letter was dated in 1933 and Mr. Stefan expressed his opinion in that letter that the evidence was entirely insufficient to sustain the charges of perjury.

"I have reviewed the evidence which I find in the files and in my opinion the evidence is wholly insufficient to sustain an indictment for perjury if the cases were brought to a trial. Therefore, upon the--

"THE COURT: Was any investigation made as to Mr. Blackmer's presence at or about the time these jurats were purported to have been made?

"MR. BULKELEY: Mr. Stefan in this letter which I have in the files further stated that he had learned now that Mr. Blackmer was not in the State of Colorado when either one of them was signed in either year. That was the evidence that he had found on an investigation made later on, in 1933. That, he said, was the fact.

"The attorney for Mr. Blackmer, Mr. Roberts, who is here in court, came to me and made the suggestion that Mr. Blackmer would be willing to plead guilty to the tax evasion case if we were willing to dismiss the perjury cases. In view of the fact that it would be impossible to ever secure convictions or ever try the perjury cases, I saw no reason why I shouldn't accept that proposition. That is the only and the whole proposition that has been made in these cases, Your Honor.

"Upon Mr. Blackmer's entering a plea of guilty to the tax evasion cases we would then dismiss the perjury cases. That is the whole situation that we have, Your Honor.

"THE COURT: I called this matter up before the pleas were entered for this reason: Nothing that I may say, Mr. Bulkeley, in anywise is intended to reflect upon you or your judgment or those in the Department with whom I assume you have consulted and been directed with reference to these matters. But before I will pass on any motion to dismiss the perjury counts I want you to turn over to me your complete file with respect to this matter, your statement that you have read to me, and all facts in your control and at your command that will enable the Court to determine whether in his opinion these matters should be dismissed.

"In other words, I have to satisfy my own judgment and my own conscience as to whether I should entertain your motion and dismiss these charges. Of course, if, after I have had presented to me and had a chance to

thoroughly and carefully study all of your files and records, all investigations that have been made by the F.B.I. or any other person in behalf of your office--if I should reach a conclusion that it is utterly impossible to sustain the perjury charges and that a trial would be entirely futile, of course I could be disposed to entertain your action and at your request dismiss the perjury counts, but I am not willing to do that until I have had all of your facts, every bit of information that is pertinent that you can furnish me, and have gone over it carefully myself and reached my own considered judgment. I feel that is a responsibility in this matter that I should discharge. If it is the desire of you and Mr. Roberts to continue the matter until I have reached a conclusion, I am willing to do that. If you desire to plead at this time, I am willing to accept the pleas on the other indictments at this time.

"MR. BULKLEY: If the Court please, I have no objection whatsoever to turning the files over to Your Honor and letting you examine them; that's perfectly agreeable. I might say further, of course, that I have been in contact with the Attorney General's office in Washington and he has approved this arrangement, and I have his letter here.

"THE COURT: Well, you can turn that over with the other papers.

"MR. BULKLEY: Yes. I have his letter here under date of September 21st in which he authorizes the--

"THE COURT: I have no doubt about that.

"MR. BULKLEY: --dismissal of these cases upon the plea in the tax evasion case.

"MR. ROBERTS: I wish to enter my appearance on behalf of Henry M. Blackmer with respect to this

matter, and on his behalf we are prepared to plead to the 5932, and I concur in the statement of the District Attorney that 5935 is in all senses a duplicate of the same four counts and that there is really only the one proceeding involved.

"THE COURT: So far as evasion is concerned?

"MR. ROBERTS: So far as income tax evasion is concerned. They are statutory offenses charged there with respect to four years in four counts in one indictment.

"THE COURT: Is Mr. Blackmer present?

"MR. ROBERTS: Is Mr. Blackmer present? Mr. Blackmer, will you please come to the bar and be arraigned?

"MR. BULKELEY: We would like to proceed with the arraignment, if that meets with Your Honor's approval.

"THE COURT: You may proceed with 5932.

"MR. BULKELEY: Your Honor please, the indictment is about thirty-five pages long and Mr. Roberts, I believe, is willing to waive the reading of this indictment?

"MR. ROBERTS: Copies of this indictment have been furnished to the defendant and to his counsel. I have gone through the indictment, the defendant has read the indictment, and on his behalf we waive a reading of the indictment.

"THE COURT: What plea do you enter, sir?

"MR. ROBERTS: We tender the plea of nolo contendere to all four counts of 5932.

"THE COURT: Are you willing to accept that plea?

"MR. BULKELEY: Your Honor, on instructions from the Attorney General in Washington we cannot approve that plea.

"THE COURT: You cannot?

"MR. BULKELEY: We cannot approve that plea.

"MR. ROBERTS: I would ask on that basis, Your Honor,--I believe it is discretionary with the Court--to say this, that this defendant has many friends in France and Switzerland where the Roman law prevails, in which a rather sharper distinction is drawn between nolo contendere and guilty than is the case in this country, and I am sure it would be very acceptable to the feelings of his friends there if the Court could see his way clear to accept the plea of nolo contendere.

"THE COURT: Well, for the purposes of a criminal proceeding, a plea of nolo contendere is the exact equivalent of a plea of guilty.

"MR. ROBERTS: Yes, Your Honor, and that has been explained to the defendant.

"THE COURT: The only limitation of a plea of nolo contendere is that it has a limitation with respect to legal effect in any collateral proceeding. But if the Government is not willing to accept that plea, the Court will not compel the Government to accept it.

"MR. ROBERTS: Then, Your Honor, on behalf of the defendant we tender a plea of guilty to the tax evasion charges.

"THE COURT: Very well. Do you want to make your motion with respect to the others, then?

"MR. BULKELEY: I really would prefer to have them disposed of at the same time, Your Honor. That would be at the time of sentence; then we would arrange to dismiss, but I think it would be proper to dispose of the other cases at that time.

"THE COURT: I can't entertain a motion unless you make it. If you don't want to make it now, when do you want to make it?

"MR. BULKELEY: I would prefer to wait then until Your Honor is ready to pass sentence.

"THE COURT: I don't know why you shouldn't make your motion now and let me take the files and examine them and reach my conclusions. But if you want to defer it, it's all right.

"MR. BULKELEY: You wouldn't make the order then dismissing it today? You would wait on that?

"THE COURT: I would wait on the order until I have had time to fully consider the matter as I suggested. I am going to make a fair and independent investigation of every bit of information I can get that bears on this and reach my own judgment and conclusion as to what should be done with these motions. I have indicated what I would do if I reach the same conclusion you have, but I must satisfy my own conscience.

"MR. BULKELEY: Very well, Your Honor. I then make a motion that Cases numbered 5935, 5933, 5934, 5936, and 5937 be dismissed, and I tender the filing of a letter from the Attorney General authorizing such dismissal upon the entry of the plea which has now been entered by Mr. Blackmer in the other cases.

"THE COURT: You can file this, Mr. Clerk.

"Now, the Court cannot dispose of the sentence at this time. The Court will follow the usual practice in this and many other districts and direct that a complete pre-sentence investigation be made by the probation officer.

"Mr. Blackmer, of course, will be released on bond pending further disposition of these matters. I think the bond should be \$5000. He will not be required to remain in Colorado but he will have to be where he can promptly respond when the matter is set down for dis-

position. I don't anticipate it will be less than thirty days before I can dispose of it.

"MR. ROBERTS: Will it be essential, Your Honor, that the defendant then present himself in person?"

"THE COURT: I think so.

"MR. ROBERTS: I make the suggestion that this be expedited and that every consideration of place of residence be accorded the defendant on account of the fact that one of his reasons in coming to this country at this time, which he did voluntarily, was for a thorough examination at a clinic in Boston, which has been had in a preliminary way, and the findings of that clinic strongly urge him to return there as rapidly as possible for continued medical treatment. The length of time and the character of that medical treatment of course cannot be stated in advance.

"I have also a recommendation of his physician in Europe, Dr. L. Michaud, that the defendant should not remain in the altitude of Denver on account of the condition of his heart for any extended period of time. In fact, his Paris doctor recommends that it should not be over a 24-hour stay.

"THE COURT: Well, Mr. Blackmer, I assume, can promptly give a bond. He may then go onto Boston if it is his desire, to the clinic and keep his whereabouts known to you and I will try and give you ample notice when I have completed my examination into these matters and the pre-sentence report has been made.

"I suggest that you furnish to the probation officer such information as you may have with respect to his physical condition or change that you may get in the future. That may be one of the matters that the Court will want to consider.

"MR. ROBERTS: I shall do that. The time of his return then is left open and can be fixed, in view of his condition and his ability to return at that time?"

"THE COURT: That is right. The bond is fixed at \$5000.

"MR. ROBERTS: You fix bond at \$5000?

"THE COURT: One bond.

"MR. ROBERTS: One bond, and a cash bond may be arranged with the Clerk?

"THE COURT: Yes. That's all.

"MR. BULKLEY: If the Court please, I have a further statement here which was prepared in the Attorney General's office in Washington, that covers somewhat the same matters as my statement.

"THE COURT: You submit that with all the other data you have.

"MR. BULKLEY: I beg your pardon?

"THE COURT: Submit that with your file.

"MR. BULKLEY: I have the original of it now.

"THE COURT: Just bring the whole file in and I'll go over it.

"MR. ROBERTS: After you have the probation officer's report, then any statement we wish to make with respect to the defendant may be made?

"THE COURT: Yes, and you may make that to the probation officer if you desire in the meantime.

"MR. ROBERTS: I shall do so and disclose all the facts to him, and I shall be very willing to disclose all the facts in relation to Mr. Blackmer's whereabouts at the time of the alleged perjury offenses, to the District Attorney in order that his file may be complete.

"THE COURT: Very well."

Following the court proceedings set forth above, I requested the United States Attorney and the agents of the Treasury Department to furnish me all of their files, including any documentary evidence and investigation reports that would throw any light on the perjury indictments. They complied with that request and I made a careful investigation of the files and reports furnished to me. I also directed the probation officer to make the usual pre-sentence investigation.

At the above mentioned hearing Mr. Bulkeley, the United States Attorney, made the following statement:

"STATEMENT BY MAX M. BULKELEY,
UNITED STATES ATTORNEY, AT THE
OF ENTRY OF PLEA BY HENRY M. BLACKMER

"(Prepared by Atty. Gen. in Washington)

"I would like to make the following statement to the Court with respect to this case.

"The defendant, Henry M. Blackmer, was born at Worcester, Massachusetts on July 4, 1869. He later became a highly successful attorney and industrialist. At the time of the offenses which gave rise to these indictments, Blackmer was president of the Mid-West Refining Company, and he also had been instrumental in organizing the Continental Trading Company. Profits of this latter company were invested in United States bonds, some of which were ultimately traced to Albert B. Fall, former Secretary of the Interior. When it seemed likely that Blackmer would be called to testify in connection with the investigation by the United States into the circumstances surrounding the leasing of the Tea Pot Dome oil reserve, Blackmer fled the country and all efforts to secure his testimony were fruitless.

"The defendant was indicted on June 15, 1928 in this District on charges of perjury and attempted

evasion of his income taxes. (Here insert whatever detail you may deem necessary as to the contents of the various indictments.)

"The defendant is to enter a plea to the indictment in case number 5932 which charges that he wilfully attempted to evade and defeat his income taxes for the years 1920, 1921, 1922 and 1923. After the Court has imposed sentence on the defendant in this case, the Government contemplates asking leave of Court to dismiss the remaining indictments. The Government is dismissing the other indictment charging tax evasion because this other indictment covers the same offenses to which the defendant has pleaded in case number 5932.

"With respect to the perjury indictments, the Government is unable to establish these offenses both from an evidentiary standpoint and also from the standpoint of satisfying the technical requirements for proof of the crime of perjury. The perjury indictments were returned largely for the purpose of satisfying the requirements of the treaty with France proclaimed by the President. Of course, as the Court probably knows, the offense of income tax evasion was not extraditable under this treaty. All efforts to accomplish the extradition of the defendant were in vain and the defendant has continuously resided out of the jurisdiction from 1924 to September 21, 1949.

"The history of this case abundantly shows that the shortcomings of the perjury indictments were clearly recognized by the Government counsel responsible for their return and by other Government counsel who succeeded them in the supervision of this case. As long as sixteen years ago Government counsel indicated a disposition to dismiss these perjury charges in the event that the defendant voluntarily returned to the United States to answer the charges on which he is now interposing a plea.

"The defendant has satisfied in full all tax deficiencies owing to the United States by the payment of \$3,671,064.95 in taxes, penalties and interest. Of this total amount, \$1,500,000 was in satisfaction of the tax and penalties for 1916, 1917 and 1919; and \$2,171,064 was in satisfaction of taxes, interest and fraud penalties for 1920, 1921, 1922 and 1923. The fraud penalties alone for these latter years were approximately \$600,000. On May 6, 1932, the then Attorney General, William D. Mitchell, agreed to the settlement which the Bureau of Internal Revenue had made with the defendant on account of his unpaid tax liability.

"I am not authorized to make any recommendation as to the sentence to be imposed in this case."

On November 2, 1949, the matter came on for disposition of the motions to dismiss and the imposition of sentence. At that time I made the following statements from the bench:

"UNITED STATES OF
AMERICA,

PLAINTIFF,

v.

No. 5933

HENRY M. BLACKMER,

DEPENDANT.

"UNITED STATES OF
AMERICA,

PLAINTIFF,

v.

No. 5934

HENRY M. BLACKMER,

DEPENDANT.

UNITED STATES OF
AMERICA,

PLAINTIFF,

v.

No. 5936

HENRY M. BLACKMER,

DEFENDANT.

UNITED STATES OF
AMERICA,

PLAINTIFF,

v.

No. 5937

HENRY M. BLACKMER,

DEFENDANT.

"The United States has heretofore interposed motions to dismiss the indictments in the above four cases. Each of the four indictments charges perjury. Two of the indictments charge that the defendant committed perjury at Denver, Colorado, on March 15, 1921, by subscribing and making oath to certain matters in his income tax return for the year 1920, which he knew to be false and untrue. Two of the indictments charge that the defendant committed perjury at Denver, Colorado, on March 13, 1922, by subscribing and making oath to certain matters in his income tax return for the year 1921, which he knew to be false and untrue.

"Under well settled principles of law it is essential to the commission of perjury that the defendant shall have been sworn or affirmed. In other words, to constitute a valid oath, for the falsity of which perjury will lie, there must be in the presence of a person authorized to administer it, an unequivocal act by which affiant takes on himself the obligations of an oath.

"I have carefully examined the files, reports and documentary evidence furnished me by the United States Attorney and also a voluminous file of reports and documentary evidence furnished to me at my request by the Intelligence Unit of the Internal Revenue Service, Treasury Department.

"The jurats of the notary public attached to the income tax returns indicate that the defendant subscribed and swore to them before the notary public at Denver, Colorado, on March 15, 1921, and March 13, 1922, respectively.

"Moreover, photostatic copies of hotel records, letters, and other documentary evidence submitted to me demonstrate beyond possible doubt that the defendant was absent from the State of Colorado on March 15, 1921, and March 13, 1922, and during substantial periods immediately before and after each of such dates, and that during such periods of absence, he was in Chicago, New York, Washington, and other eastern cities.

"Other evidence in the files indicates that the defendant signed the income tax returns after they had been completed, and delivered them to a clerical employee, and that such returns were thereafter taken by such employee to the notary public who completed the jurats during the defendant's absence.

"Moreover, an affidavit made by the notary indicates that she would not testify that the defendant appeared before her personally and subscribed and swore to the two tax returns.

"There is little doubt under the evidence submitted, that the notary, being acquainted with the defendant's signature, completed the jurats and affixed her seal without the defendant personally appearing before her

and actually taking an oath. While such practice is not proper, it is not uncommon where the notary is employed by the person affixing his signature and the notary knows the genuineness of the signature so affixed.

"Accordingly, it is my conclusion that the government could not establish the perjury charges by evidence; that a trial on the perjury charges would be a vain and useless effort, and that the motions to dismiss are well advised. For the reasons indicated, the motions of the United States are granted and each of the indictments in the above cases are dismissed."

UNITED STATES OF
AMERICA,

PLAINTIFF,

v.

No. 9935

HENRY H. BLACKLER,

DEFENDANT.

"We have left for disposition the misdemeanor charges in No. 9935 to which the defendant has pleaded guilty. Has the defendant or his counsel anything to say why the judgment and sentence of the court should not be pronounced?"

"I have before me the pre-sentence report of the Probation Office for this District. Attached to the report is a letter to the Probation Officer from the

Lahay Clinic of Boston, Massachusetts, setting forth the findings of the Clinic respecting the defendant's physical condition based on recent examinations and treatment of the defendant at the Clinic.

"The letter states that the defendant is suffering from gall bladder disease of ten year's duration, complicated with gallstones; that because of defendant's age, an immediate operation is inadvisable, but a condition may develop at any time making an emergency operation necessary, and that the defendant must adhere rigidly to a planned and restricted diet; that the defendant is also suffering from a coronary insufficiency manifest by angina pectoris; and that he has out-pouchings in the colon called diverticula and has a history of recurring attacks of diverticulitis, and must follow a very bland, low residue diet.

"Dr. Lahay, a physician and surgeon of national reputation, attached a statement to the letter in which he states: 'It is my opinion that this man who has recently had an acute attack of gallstones, who has had not too long ago an attack of diverticulitis in his left colon, who has a bad heart with angina pectoris and pain on exertion and who is eighty years old, needs to be in a position where he can be on a special dietary regime from the point of view of his gall bladder and his diverticulitis and where he can have good management of his heart condition.'

"I have submitted the report from the Lahay Clinic to two disinterested Denver physicians and surgeons of large experience and excellent reputation and in whom I have explicit confidence. They both stated that in view of the defendant's age and serious physical condition, imprisonment would be fraught with serious consequences and that, in their opinion, any substantial period of confinement would cause his death.

"In view of the foregoing considerations and also the circumstances under which the incorrect income tax returns were made, as reflected by the investigation

reports and other evidence, I do not believe the ends of justice would be served by sentencing the defendant to jail and it is my considered judgment that no such penalty should be imposed.

"The defendant has long since paid the additional taxes asserted by the Commissioner of Internal Revenue with heavy civil penalties.

"The judgment and sentence of the court is that the defendant pay the United States fines aggregating twenty thousand dollars."

Of course, there may be some who would disagree with the sentence I imposed. However, that was a matter for my own judgment and my own conscience and I imposed the sentence I conscientiously thought should be imposed.

The foregoing sets forth the truth and the whole truth with respect to everything I had to do with the disposition of the Blackmer cases.

As I look in retrospect at these matters, I have a strong conviction that I handled them properly and in a manner which could not afford basis for any justifiable criticism.

Now, with respect to the statement of your friend that my appointment as United States District Judge for the District of New Mexico was brought about by Secretary of Interior Fall - that simply is not true. An understanding of the facts requires narration of some New Mexico political history.

I was a delegate to the State Republican Convention held at Albuquerque, New Mexico in the spring of 1920. Secretary Fall was desirous of obtaining the selection of delegates who would favor the nomination of Senator Harding at the Republican National Convention. H. O. Mursum, a power in New Mexico Republican politics, and many others, including myself, favored the nomination of General Wood.

A delegation was selected and instructed to vote for General Wood. I was a member of the delegation. We supported General Wood to the last at the Convention.

As a result, a breach was created between Senator Fall and Mr. Bursum and others who refused to accede to the desires of Senator Fall at the State Convention. When Senator Fall resigned as Senator to become Secretary of the Interior, he protested vigorously against the appointment of Mr. Bursum to fill the vacancy. I recommended the appointment of Mr. Bursum. I was then a member of the New Mexico State Senate. Governor Machen appointed Senator Bursum. In September, 1920, a special election was called to elect a senator for the unexpired term. Mr. Bursum was nominated. He concluded the campaign should not be handled by the State Chairman. As a result, a special campaign committee was created to manage the campaign, and at Senator Bursum's request I was appointed chairman of the campaign committee. Many of Secretary Fall's friends refused to do anything affirmatively in support of Senator Bursum for election. In one strong Republican county, the county chairman refused to take any part in the campaign. As a result I had to set up a completely independent organization in that county. Senator Bursum was elected.

Thereafter, a bill was passed by the Congress for the adjudication of the titles of claimants to lands in New Mexico which had formerly belonged to Indian pueblos. That created a large increase in the cases in the New Mexico Federal District. As a result, when a bill was enacted for additional Federal judges, one additional judge was provided for New Mexico, at the instance of Senator Bursum. Senator Bursum recommended the appointment of David J. Leahy, a State District Judge of the Fourth District at Las Vegas, New Mexico. Judge Leahy had been a strong supporter of General Wood. I am informed that Secretary Fall protested to President Harding the appointment of Judge Leahy. As a result, the President made no nomination. In the forepart of 1923, when the session of Congress which would terminate on March 4, 1923, was nearing its end, three of the leading lawyers of the New Mexico bar went to Washington and urged the President to make an appointment. The President requested them to submit the names of three lawyers well qualified for the position. The three lawyers

submitted the names of James Hervey of Roswell, my name, and the name of one other lawyer. I do not now recall who the third lawyer was, perhaps because I was advised that the choice narrowed down to Mr. Hervey and myself. The President made inquiry of the three New Mexico lawyers who had presented the three names, with respect to them. Among other things, the President was told that I managed Senator Bursum's campaign in the special election of 1920. I am told that the President observed that Senator Bursum could not very well oppose my nomination. Inquiry was then made of me as to whether I would accept the appointment. I replied that I would. President Harding then sent my nomination to the Senate. That occurred about the first of March, possibly a few days earlier. Senator Bursum and Senator Jones, the Democratic Senator from New Mexico, both went before the Senate Judiciary Committee and urged my confirmation. I was then the majority Republican leader in the New Mexico State Senate. The majority in the lower house was Democratic. The minority leader in the Senate and the majority leader in the House each introduced a resolution urging my confirmation. The resolution was unanimously adopted by both houses of the legislature and telegraphed to the Senate Judiciary Committee. I was confirmed on the last day of the session. That is the entire story, so far as I know it, with respect to my appointment as United States District Judge for New Mexico, a position I did not seek. Of course it is true that Senator Fall's objections to Leahy may have kept the place open, but I am certain he did not purpose or intend to bring about the appointment of Senator Bursum's campaign manager.

Permit me to assure you that my conscience is entirely clear and I have no fear whatever of the truth with respect to the Blackmer cases.

With kind regards, I am

Yours sincerely,

Charles J. Moynihan
Montrose, Colorado

UNSUBS, ALLEDGED IRREGULARITIES
IN CONNECTION WITH THE INCOME
TAX CASE OF U. S. VS HENRY M.
BLACKMER (UNITES STATES DISTRICT
COURT, DENVER, COLORADO)
MISCONDUCT IN OFFICE, BRIBERY

Bufile 62-98634

Dn File 58-35

COPY OF PRESS RELEASE ISSUED BY THE TREASURY
DEPARTMENT, WASHINGTON, D.C., FOR RELEASE ON
June 22, 1942

ENCLOSURE

62-98634-8

Exhibit #4

C O P Y

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
MONDAY, June 22, 1942

Press Service
No. 32-16

Secretary Morgenthau today announced that the Foreign Funds Control had uncovered assets in various New York banks amounting to over \$10 million in securities and cash accounts, all owned by Henry M. Blackmer.

Henry M. Blackmer fled from the United States to France when the Government initiated investigation of the Teapot Dome oil fraud in which he was wanted as a principal witness.

During the next few years his passport was revoked and he was indicted on various counts including income tax evasion and perjury in connection with his income tax returns, and a warrant was issued for his arrest. Numerous attempts to extradite him from France were unsuccessful and at various times between 1927 and 1932 substantial fines for contempt of court were levied against his American assets. Indictments against Blackmer are still outstanding and he is regarded as a fugitive from justice. Blackmer is now believed to be in Switzerland.

Included in the assets uncovered by the Foreign Funds Control are \$3,865,000 United States of America Treasury Notes Series A due June 15, 1943, \$3,250,000 United States of America Treasury Notes Series B due March 15, 1944, and several million dollars in municipal issues. Blackmer was not holding his assets in his own name but had such assets concealed in "numbered" accounts and in the accounts of foreign banks.

All of these millions of dollars of assets owned by Blackmer have been effectively frozen by the Foreign Funds Control and the Government agencies having a possible claim against Blackmer have been advised of the existence of such assets in New York.

UNSUBS, ALLEDGED IRREGULARITIES
IN CONNECTION WITH THE INCOME
TAX CASE OF U. S. VS HENRY M.
BLACKMER (UNITED STATES DISTRICT
COURT, DENVER, COLORADO)
MISCONDUCT IN OFFICE, BRIBERY

Bufile 62-98634

Dn File 58-35

DOCUMENTS from the file of the CLERK, U. S. DISTRICT COURT,
DENVER, COLORADO, INCLUDING:

- 1) Statement by MAX M. BULKLEY, United States Attorney,
at time of entry of plea by HENRY M. BLACKMER (Prepared
by Atty Gen. in Washington)
- 2) Official Transcript of Court Proceedings in re U.S. vs
HENRY M. BLACKMER, September 26, 1949, U. S. District
Court, Denver, Colorado
- 3) Statement of USCCA Judge ORIE L. PHILLIPS on occasion
of the dismissal of four perjury indictments against
HENRY M. BLACKMER, November 2, 1949, U. S. District
Court, Denver, Colorado
- 4) Pre-sentencing statement of USCCA Judge ORIE L. PHILLIPS
in re HENRY M. BLACKMER, U. S. District Court, Denver,
Colorado, November 2, 1949
- 5) Judgment and Commitment dated November 2, 1949, issued
by USCCA Judge ORIE L. PHILLIPS

ENCLOSURE

FILED 4 # 2

FEDERAL BUREAU OF INVESTIGATION
FOIPA
DELETED PAGE INFORMATION SHEET

No Duplication Fees are charged for Deleted Page Information Sheet(s).

Total Deleted Page(s) ~ 27

Page 108 ~ Duplicate
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